FINAL BILL REPORT
SB 5696

C 152 L 25
Synopsis as Enacted

Brief Description: Concerning the sales and use tax supporting chemical dependency and mental health treatment programs.

Sponsors: Senator King.

Senate Committee on Ways & Means
House Committee on Finance

Background: Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 4.1 percent, depending on the location.

Local Mental Health and Chemical Dependency Sales and Use Tax. All counties and certain cities may impose a mental health and chemical dependency sales and use tax up to 0.1 percent for mental health and drug treatment purposes. The revenue from this tax must be used for expenses related to the operation or delivery of chemical dependency or mental health treatment programs and services, including but not limited to therapeutic court programs, treatment services, case management, transportation, and housing that are components of a treatment program or service. Funds may also be used to modify existing facilities to address the health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services.

Summary: In addition to modifying existing facilities, revenue from the the local mental health and chemical dependency sales and use tax may be used for new construction of facilities addressing the health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Votes on Final Passage:

Senate	49	0
House	96	1

Effective: July 27, 2025