SENATE BILL REPORT
SB 5696

As of February 18, 2025

Title: An act relating to the sales and use tax supporting chemical dependency and mental health treatment programs.

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

Sponsors: Senator King.

Brief History:
Committee Activity: Ways & Means: 2/18/25.

Brief Summary of Bill

- Expands allowable use of revenue, from the local mental health and chemical dependency sales and use tax, to include 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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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.

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.

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 of Bill: 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.

Appropriation: None.

Fiscal Note: Requested on February 6, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill adds clarifying language regarding the eligible use of funds for the mental behavioral health sales tax. The bill would allow funds to be used to construct new facilities, including new affordable housing units, as a component of mental behavioral health services. This is an important change that clarifies eligible uses of funds for both new construction and the rehabilitation of existing structures. The bill creates another resource for local communities, especially those that have not passed other sales taxes for affordable housing. New construction is often cheaper than renovating. This bill allows communities to use funds in a way that best fits their purposes.

Persons Testifying: PRO: Bryan Ketcham, Catholic Charities Housing Services; LaDon Linde, Yakima County Commissioner.

Persons Signed In To Testify But Not Testifying: No one.