

HOUSE BILL REPORT

2SHB 1477

As Passed House:

February 19, 2002

Title: An act relating to the imposition of taxes by counties for emergency communication systems and facilities.

Brief Description: Allowing counties to impose taxes for emergency communication systems.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Dunshee, Mulliken, Lantz, Rockefeller, G. Chandler, Cooper and McIntire).

Brief History:

Committee Activity:

Local Government & Housing: 2/5/01, 2/26/01 [DPS];

Finance: 1/24/02, 2/6/02 [DPS].

Floor Activity:

Passed House: 2/19/02, 95-2.

Brief Summary of Second Substitute Bill

- Authorizes counties to put to a vote an additional sales and use tax for emergency communications systems.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Dunshee, Democratic Co-Chair; Mulliken, Republican Co-Chair; Edwards, Democratic Vice Chair; Mielke, Republican Vice Chair; Berkey, Crouse, Dunn, Edmonds, Hatfield, Jarrett and Kirby.

Minority Report: Do not pass. Signed by 1 member: Representative DeBolt.

Staff: Scott MacColl (786-7106).

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do

pass. Signed by 9 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Orcutt, Roach, Santos and Veloria.

Minority Report: Without recommendation. Signed by 1 member: Representative Nixon.

Staff: Mark Matteson (786-7145).

Background:

The state sales and use tax is set at 6.5 percent. The state sales tax is imposed on each retail sale of most articles of tangible personal property and certain services, and is applied to the selling price of the article or service. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax.

Cities and counties may impose additional general and specific sales and use taxes, some being subject to referendum vote and some count against the state portion and do not count as an additional tax. The total state and local sales and use tax rate imposed is between 7 and 8.6 percent, depending on location. Total authorized rates are 8.3 percent in most counties, however in some counties it may be as high as 9.3 percent.

There is also state and local taxes on telephone lines for emergency 911 telephone services. Emergency 911 telephone services allows callers to reach agencies that can dispatch an appropriate type of response. "Enhanced 911," known as 'E-911', allows the person answering the call to identify the location of the calling party. In Washington, 911 systems are primarily administered by counties, and in some cases, cities.

Counties may impose up to 50 cents per month tax on each wired telephone line to help fund 911 systems; counties may also impose up to a 25 cent per month tax on each cellular phone line for the same purpose. In addition, a state E-911 tax of up to 20 cents per month tax on each wired telephone line is imposed to pay for implementation of E-911 throughout the state. These taxes are used only for E-911 equipment and do not fund dispatch systems.

Summary of Second Substitute Bill:

Counties are authorized to impose an additional 0.1 percent tax for the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of emergency communication systems and facilities. The additional tax is subject to voter approval.

Counties are also authorized to develop joint ventures to collocate emergency communication systems and facilities.

Prior to submitting the tax authorization for the additional sales tax for emergency communication systems, a county and any city that contracts with that county for the emergency communication system are required to review the contract and either affirm the existing contract or negotiate a new contract.

Also, a county with over 500,000 population that operates a emergency communication system is required to enter into an interlocal agreement with any city over 50,000 in the county to determine revenue distribution of the new tax.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (Local Government & Housing) (In support) This bill is needed in some counties. As the director of emergency communications in Thurston County, the cost to run the E-911 dispatch system is \$4 million. Of that, approximately 22 percent comes from the 911 telephone tax, and the rest comes from the police and fire departments that contract with the county. The current funding system makes counties choose between adding additional responders or keeping existing ones safe. The system needs to stop taking dollars from the general fund, and is looking for an option to put in place permanent funding for the E-911 communication system.

There are provisions in the bill to offset agencies that contract with the system. Fire districts taxing authority is limited, and small districts need the help of larger districts. The eight largest counties receive no benefit from the state 20 cent telephone tax, which was intended to fund E-911 for smaller counties.

Kitsap County needs this tool because the bond levies floated to fund the system have failed, and the voters say that they want an alternative to property taxes to pay for the system. With 911, people demand 100 percent satisfaction, and therefore the county needs to replace aging infrastructure, which is in desperate need of repair. This system in Kitsap County is the most efficient and cost effective system available for the county, yet there are no funds available to maintain an aging system. The Kitsap County Consolidated 911 Board is in support as well.

Testimony For: (Finance) This provides local control to allow local jurisdictions to give their residents what they want. People expect services and counties should have the opportunity to put this before the voters.

This is the number one priority for the Washington Association of Fire Chiefs in terms of providing funding for communications centers, and allowing us to keep up-to-date technologically.

Communications are a critically important piece of emergency response. Smaller centers are struggling with the costs of technology and full-time employees. Aging infrastructure is a concern. The Nisqually earthquake and the events of 9/11 demonstrated the need for emergency communication services. This will allow Kitsap County to replace antiquated equipment. This will allow some of our governments to reclaim some general funding that has been lent to these services in the face of declining dedicated revenues.

Testimony Against: (Local Government & Housing) None.

Testimony Against: (Finance) None.

Testified: (Local Government & Housing) (In support) Rep. Dunshee, prime sponsor; Jim Quackenbush, Association of Public Safety Officials; Tom Howell, SNOPAC 911; Mike McKinley, Washington State Association of Fire Chiefs; Ron McAfee, Kitsap County Commissioners and 911 Center; and Mike Brown, Kitsap Fire District 7.

Testified: (Finance) Duane Malo, Washington Fire Chiefs; Dan Packer, East Pierce Fire and Rescue; Sophia Byrd, Washington Association of Counties; Richard Kirton, Kitsap County 911; and Doug Levy, cities of Kent and Federal Way.