

FINAL BILL REPORT

2SHB 1477

C 176 L 02

Synopsis as Enacted

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).

House Committee on Local Government & Housing
House Committee on Finance
Senate Committee on Ways & Means

Background:

The state sales and use tax is set at 6.5 percent. The 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 of which are subject to referendum vote and some of which 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. In some counties, however, it may be as high as 9.3 percent.

There are also state and local taxes on telephone lines for emergency 911 telephone services. Emergency 911 telephone services allow callers to reach agencies that can dispatch an appropriate type of response. Enhanced 911 (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 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:

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 an 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.

Votes on Final Passage:

House 95 2
Senate 43 3

Effective: June 13, 2002