

# HOUSE BILL REPORT

## HB 2799

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### As Reported by House Committee On: Finance

**Title:** An act relating to providing that certain local sales and use taxes may be used for prevention and outreach programs.

**Brief Description:** Providing that certain local sales and use taxes may be used for prevention and outreach programs.

**Sponsors:** Representatives Kagi and Jinkins.

#### **Brief History:**

##### **Committee Activity:**

Finance: 1/30/18, 2/5/18 [DP].

#### **Brief Summary of Bill**

- Allows the local sales and use tax for chemical dependency and mental health to be used for prevention and outreach programs.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Dolan, Pollet, Springer, Stokesbary, Wilcox and Wylie.

**Staff:** Serena Dolly (786-7150).

#### **Background:**

##### 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 taxes apply to the value of property, digital product, or service when used in this state. The state, all counties, and all

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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 3.9 percent, depending on the location.

Local Sales and Use Tax for Mental Health and Chemical Dependency.

Legislation enacted in 2005 allows a county legislative authority to levy a 0.1 percent mental health and chemical dependency sales and use tax. Since January 1, 2011, cities of more than 30,000 population within a county of more than 800,000 population have been authorized to levy the tax if the county has not. If the county subsequently levies the tax, it must provide a credit for the city tax against the county tax. The sales and use tax has been imposed by 23 counties and one city.

The proceeds of the tax must be devoted to chemical dependency treatment, mental health treatment, and therapeutic court programs and services. Programs and services include treatment, case management, transportation, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.

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**Summary of Bill:**

In addition to funding chemical dependency treatment, mental health treatment, and therapeutic court programs and services, a county or city imposing the 0.1 percent sales and use tax for mental health and chemical dependency may use the revenue for prevention and outreach programs specifically targeted towards individuals who show signs or high risk factors associated with mental health or chemical dependency disorders.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Thurston County funds a wide array of services that would not be possible without state and federal funds. The county would like to fund outreach and prevention before treatment is necessary. Prevention funding has decreased in the last 15 years. State funding has been reduced or eliminated. Funds that are available are often targeted to narrow, specific groups. Funds are needed to allow a broader investment in prevention. Part of law enforcement is prevention. Counties are probably already using this revenue for prevention.

(Opposed) None.

(Other) Treatment is incredibly valuable. Prevention is also valuable. There is concern about having two valuable programs compete for the same funds.

**Persons Testifying:** (In support) Bud Blake, Thurston Board of County Commissioners; Meghan Goldenberger, Washington Association for Substance Abuse and Violence Prevention; and John Snaza, Thurston County Sheriff's Office.

(Opposed) None.

(Other) James McMahan, Washington Association of Sheriffs and Police Chiefs

**Persons Signed In To Testify But Not Testifying:** None.