
Finance Committee

HB 1800

Brief Description: Allowing a local sales and use tax as a credit against the state sales tax for rural high-speed internet infrastructure without increasing the total sales and use tax rate.

Sponsors: Representatives Orcutt, Chapman, DeBolt, Blake, Walsh and Van Werven.

Brief Summary of Bill

- Allows rural counties to impose an additional sales and use tax as a credit against the state sales tax for development of high-speed internet infrastructure in unserved areas.

Hearing Date: 2/19/19

Staff: Rachelle Harris (786-7137).

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 3.9 percent, depending on the location.

Public Facilities Financing - Rural Sales and Use Tax.

Rural counties may impose a sales and use tax, credited against the state, of up to 0.09 percent for the purpose of financing public facilities. Eligible public facilities include, but are not limited to, roads, water and sewage facilities, telecommunications infrastructure, and port facilities. The tax may be collected for up to 25 years.

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Rural counties are counties with a population density of less than 100 persons per square mile or that are smaller than 225 square miles.

Summary of Bill:

Rural counties may impose an additional sales and use tax of 0.05 percent as a credit against the state sales tax. The additional funds are to be used exclusively for the development of infrastructure to bring high-speed internet to unserved regions as defined by the Federal Communications Commission. The funds may not be used for government operation or the provision of retail broadband service by public entities.

Appropriation: None.

Fiscal Note: Available.

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