Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

HB 1155

Brief Description: Concerning sales and use tax for emergency communication systems and facilities.

Sponsors: Representatives Riccelli, Ormsby and Lekanoff.

Brief Summary of Bill

- Requires any noncharter county with a population between 500,000 and 1,500,000 imposing the emergency communication sales and use tax to enter into an interlocal agreement with a city in that county that operates emergency communications systems and facilities to determine the distribution of revenue if at any time the population of the city exceeds 50,000.

Hearing Date: 1/26/21

Staff: Nick Tucker (786-7383).

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.

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.

Emergency Communications Systems and Facilities Local Sales and Use Tax.
Counties may levy a sales and use tax to fund costs associated with emergency communication systems and facilities (emergency communications sales and use tax) with voter approval. The maximum tax rate is 0.2 percent. The funds must be used for costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of emergency communication systems and facilities.

For any county with a population of more than 500,000, but less than 1,500,000, in which any city with a population over 50,000 operates emergency communication systems and facilities is located, the county must enter into an interlocal agreement with the city to determine distribution of revenue prior to submitting the authorizing ballot to the voters. Any county with a population of more than 1.5 million must enter into interlocal agreements with its cities with populations over 50,000 regarding revenue distribution, even if a city is part of a regional communication system.

Summary of Bill:

Any noncharter county with a population between 500,000 and 1,500,000 imposing the emergency communication sales and use tax must enter into an interlocal agreement with a city in that county that operates emergency communications systems and facilities to determine the distribution of revenue if at any time the population of the city exceeds 50,000. A city may notify a county that it believes the population thresholds have been met and request to enter into an interlocal agreement.

If the two parties do not enter into an interlocal agreement within 90 days of the city's request, a county may seek equitable apportionment of the tax in the county's superior court. If the two parties do not enter into an interlocal agreement within 6 months of the city's request, any emergency communication sales and use tax collected within the city must be returned to the city and any excess apportionment received by the city must be returned to the county.

Appropriation: None.

Fiscal Note: Available.

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