

SENATE BILL REPORT

ESHB 2214

As Reported By Senate Committee On:
Ways & Means, March 7, 1996

Title: An act relating to sales and use tax exemptions for research and development.

Brief Description: Exempting research and development machinery and equipment from sales and use taxes.

Sponsors: House Committee on Finance (originally sponsored by Representatives Van Luven, B. Thomas, Schoesler, Pennington, Mastin, Sheldon, Radcliff, Koster, Smith, Huff, Sheahan, Morris, Thompson, Cooke, Goldsmith, Backlund, Benton and Dyer).

Brief History:

Committee Activity: Ways & Means: 2/21/96, 3/7/96 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Hargrove, Johnson, Kohl, Long, McDonald, Moyer, Pelz, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: David Schumacher (786-7715)

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. The total rate is between 7 percent and 8.2 percent, depending on the location.

Sales tax applies when items are purchased at retail in the state. Sales tax is paid by the purchaser and collected by the seller. Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Summary of Bill: Sales and use tax exemptions are provided for human blood, tissue, organs, bodies, or body parts for medical research and quality control testing purposes.

Appropriation: None.

Fiscal Note: Requested on February 12, 1996.

Effective Date: The bill takes effect on July 1, 1996.