

HOUSE BILL REPORT

SHB 2635

As Amended by the Senate

Title: An act relating to the litter assessment.

Brief Description: Revising the model litter control and recycling act.

Sponsor(s): By House Committee on Revenue (originally sponsored by Representatives Rust, Horn, Valle, Heavey, Winsley and Brekke).

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DPS;
Passed House, February 18, 1992, 98-0;
Amended by Senate.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Robin Appleford (786-7093).

Background: The state imposes an annual tax on the value of certain products manufactured and sold within the state. The tax is collected by the Department of Revenue (DOR) and applies in the same manner as the state business and occupation tax to specified categories of products. The rate of 0.015 percent is imposed on the manufacture, wholesale, and retail of:

- 1) Food for human or pet consumption;
- 2) Groceries
- 3) Cigarettes and tobacco products;
- 4) Soft drinks and carbonated waters;
- 5) Beer and malt beverages;
- 6) Wine;
- 7) Newspapers and magazines;
- 8) Household paper and paper products;
- 9) Glass containers;

- 10) Metal containers;
- 11) Plastic or fiber containers;
- 12) Cleaning agents and toiletries; and
- 13) Drugstores' sundry products, excluding drugs.

Proceeds from the tax are deposited in the litter control account and are used for youth litter patrol programs, public education, administration of the Model Litter Control and Recycling Act, and recycling.

Summary of Bill: For fiscal year 1993, proceeds from the litter tax may be used to control litter, encourage recycling, enforce compliance with the litter tax, and for market development. After fiscal year 1993, youth litter control programs are guaranteed the same percentage of revenues as current law. Remaining revenues may be used for recycling, encouraging compliance with the litter tax, market development for recycling, and purposes specified in current law.

Instead of requiring businesses to separately account for taxable and nontaxable products, DOR may establish rules allowing businesses to pay the tax based on the ratio of the taxable activity to total sales.

EFFECT OF SENATE AMENDMENT(S): It is specifically stated that the litter tax is to be used to promote markets for recyclable materials through the Clean Washington Center, and for public as well as private recycling programs.

Fiscal Note: Requested February 12, 1992.

Effective Date: July 1, 1992.

Testimony For: Finding markets is the most important problem facing recycling today. The Clean Washington Center needs a continuing revenue source so it can address all aspects of the recycling process. The Department of Revenue would like to be part of the funding solution for the Clean Washington Center, but would also like a minor language change.

Testimony Against: Business and the retailers support funding for the Clean Washington Center, but not through new taxes or fees. The paper industry could support the expansion of the tax base, but only if the state ban on packaging bans is extended.

Witnesses: Mike Todd, Washington Council For Recycling; Laura Oidings, Washington Organic Recyclers; and Russ Brubaker, Department of Revenue (all in favor). Robert Berger, Department of Transportation (concerns with loss of

funding for Department of Ecology Youth Corps Program).
Kris Backes; Association of Washington Business; Jan Gee,
Washington Retailer's Association; and Becky Bogard,
American Paper Institute (all opposed).

VOTE ON FINAL PASSAGE:

Yeas 98