

SENATE BILL REPORT

SB 5251

AS PASSED SENATE, FEBRUARY 24, 1993

Brief Description: Requiring identification for the nonresident sales tax exemption.

SPONSORS: Senators Bauer, Snyder, Sheldon, Moore, Prentice, Sutherland, Jesernig, Rinehart and Winsley

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Bluechel, Cantu, Gaspard, Hargrove, Hochstatter, Jesernig, McDonald, Niemi, Quigley, Roach, Snyder, Sutherland, Talmadge, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 10, 1993; February 11, 1993

HOUSE COMMITTEE ON REVENUE

BACKGROUND:

Residents of a state, possession, or Canadian province that does not impose a sales tax of 3 percent or more are exempt from Washington sales tax on purchases in this state of tangible personal property for use outside this state. The exemption does not apply to meals, hotels, and services that are consumed in this state.

Proof of nonresident status consists of two pieces of identification, one of which must be an out-of-state driver's license or an identification card which has a photograph of the nonresident. The identification must show the nonresident's address and have as one of its purposes the establishment of residency in the out-of-state jurisdiction.

Currently, residents of Alaska, Delaware, Montana, New Hampshire, Oregon, American Samoa, Guam, North Mariana Islands, Puerto Rico, Yukon, Virgin Islands, and the Canadian Province of Alberta qualify for exemption under this statute.

SUMMARY:

Acceptable proof of nonresident status is limited to one piece of identification such as a driver's license.

Appropriation: none

Revenue: none

Fiscal Note: requested January 21, 1993

TESTIMONY FOR:

Retailers have problems with the dual identification requirements. Retailers get assessed taxes and penalties because they fail to verify the second identification. This bill does not change the objective. This exemption levels the playing field and is tourist friendly. The state will collect business and occupation taxes on sales that would not otherwise be made.

TESTIMONY AGAINST: None

TESTIFIED: Senator Bauer, prime sponsor (pro); Jan Gee, Washington Retail Association (pro); Jonathan Bridge, Ben Bridge Jewelers (pro); Ryan Spiller, Department of Revenue (pro)

HOUSE AMENDMENT(S):

The exemption is limited to states, possessions, and provinces which are contiguous to Washington.