

FINAL BILL REPORT

SHB 1813

PARTIAL VETO

C 61 L 97

Synopsis as Enacted

Brief Description: Regulating sales and use tax exemptions for motion picture and video production equipment and services.

Sponsors: By House Committee on Trade & Economic Development (originally sponsored by Representatives Dunn, Van Luven, Veloria, Alexander, Sheldon, Morris, Mason, McDonald, Honeyford and L. Thomas).

House Committee on Trade & Economic Development

House Committee on Finance

Senate Committee on Ways & Means

Background: Washington's tax structure includes a retail sales and use tax. A retail sales tax is imposed on the sale of most items of tangible personal property and some services purchased at retail. The state also imposes a use tax on items used in the state, where the acquisition was not subject to the retail sales tax. This includes purchases made in other states, purchases where the seller does not collect sales tax, and items produced for use by the producer.

The state's retail sales and use tax is based on 6.5 percent of the selling price. Local governments may also impose an additional sales and use tax of up to 1.7 percent of the selling price. The combined state and local retail sales and use tax rate currently ranges from 7 percent to 8.2 percent.

In 1995, the Legislature exempted the rental of production equipment or the sales of production services to a motion picture or video production business from state and local sales and use taxes. This exemption included, but was not limited to cameras, lighting equipment, helicopters rented for movie or video production, and vans and trucks specifically equipped for movie and video production.

Summary: The sales and use tax exemption on production equipment rented to motion picture or video production businesses is expanded to include other vehicles used solely for production activities.

Votes on Final Passage:

House 92 5

Senate 47 0

Effective: July 27, 1997

Partial Veto Summary: The governor vetoed the emergency clause.