

# HB 2338

## Bill Analysis

January 20, 1998

**Brief Description:** Exempting from sales and use tax uncooked pizza.

**Bill Sponsors:** Representatives Romero, Wolfe, Gardner, Anderson, Dunn and Smith.

**Staff:** Linda Brooks, 786-7153

**Background:** The sales tax is imposed on retail sales of most items of tangible personal property and some services. Use tax is imposed on the use of an item in this state, when the acquisition of the item or service has not been subject to sales tax. Services subject to sales and use tax include the installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property. The combined state and local sales and use tax rate is between 7 and 8.6 percent, depending on location.

Major items exempt from sales and use tax include most food for human consumption, prescription drugs, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component of another product for sale.

Although most food products are exempt from tax, some foods are subject to sales and use tax. For example, meals sold by restaurants, cafeterias, caterers, and hotels are subject to tax. Similarly, foods sold at places such as movie theaters where entrance fees are charged are usually taxed. Snacks sold by vending machines are subject to tax on the first 57 percent of the vending machine prices. Foods sold by vendors who handle unwrapped or unpackaged foods are also subject to tax.

Unwrapped or unpackaged foods include items such as sandwiches, chicken cooked on the premises of a store, deli trays, home delivered pizzas or meals, and salads from an in-store salad bar. Most unwrapped and unpackaged foods are subject to sales tax, but there are some exceptions. The following unwrapped foods are exempt from sales and use tax:

- Raw meat;
- Slices of cheese and meat;
- Bakery products, as long as these baked goods are not sold as part of a meal; and
- Bulk foods sold from bins or barrels.

House of Representatives  
Office of Program Research  
Finance Committee

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**Summary of Bill:** A sales and use tax exemption is created for sales of uncooked pizzas. A hot pizza delivered to a home is still subject to sales tax.

**Appropriation:** None

**Fiscal Note:** Available

**Effective Date:** July 1, 1998