

HB 2476

Bill Analysis

January 27, 1998

Brief Description: Providing a sales tax exemption for parts used for and repairs to farm machinery and implements used outside the state.

Bill Sponsors: Representatives Schoesler, Sheahan, Honeyford, Sump, Mulliken, Buck, Chandler, McMorris and Zellinsky.

Staff: Rick Peterson, 786-7150.

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 tax rate is between 7 percent and 8.6 percent, depending on location. Sales tax applies when items are purchased at retail in state. Sales tax is paid by the purchaser and collected by the seller.

Generally nonresidents pay sales tax when they purchase and take possession of the goods in Washington. There are some exceptions: sales to nonresidents from states or Canadian provinces with sales tax rates below 3 percent; sales to nonresidents of vehicles and boats; and sales to nonresidents of farm machinery and implements. These exemptions require the nonresident purchaser to take the items out of Washington.

Summary of Bill: The nonresident farm machinery and implement sales tax exemption is extended to include parts for machinery and equipment and repair services for machinery, implements and parts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

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