

# SENATE BILL REPORT

## SHB 1813

---

As Reported By Senate Committee On:  
Ways & Means, March 27, 1997

**Title:** An act relating to sales and use tax exemptions for motion picture and video production equipment and production services.

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

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

**Brief History:**

**Committee Activity:** Ways & Means: 3/26/97, 3/27/97 [DP].

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Kohl, Long, Loveland, McDonald, Roach, Rossi, Sheldon, Snyder, Spanel, Swecker, Thibaudeau, Winsley and Zarelli.

**Staff:** David Schumacher (786-7474)

**Background:** The state of 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. They include 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 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, vans, and trucks specifically equipped for movie and video production.

**Summary of Bill:** 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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** This bill will attract more jobs and money to the state. The movie production industry is getting more competitive and Washington needs incentives to attract these movies.

**Testimony Against:** None.

**Testified:** PRO: Representative Dunn, prime sponsor; Becky Bogard; Donna James, Seattle Film Office.