

# FINAL BILL REPORT

## SSB 5157

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### FULL VETO As Passed Legislature

**Brief Description:** Providing tax exemptions for items obtained to replace weather-damaged items.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Zarelli, Stevens and Kohl).

**Senate Committee on Ways & Means**  
**House Committee on Finance**

**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. These range from 0.5 percent to 1.7 percent. The total rate is between 7.0 percent and 8.2 percent, depending on the location.

Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used.

**Summary:** A sales and use tax exemption is created for purchases of tangible personal property in residential or commercial buildings including labor and private automobiles.

These new sales and use tax exemptions apply only if the building or private automobile was damaged or destroyed by a disaster occurring between November 1, 1995, and June 30, 1997. The damaged or destroyed building also must be located in a county or Indian nation declared as a federal disaster area.

Persons approved to receive one or more of the following forms of disaster assistance may claim the exemptions: (1) Federal Emergency Management Agency (FEMA) housing assistance grant; (2) Small Business Administration (SBA) loan; or (3) Farm Service Agency loan.

Persons denied individual or family assistance grants may claim the exemption if they can show damage from a disaster and meet certain conditions. These persons must apply to the Department of Revenue for a disaster assistance certificate.

These new sales and use tax exemptions expire on July 1, 1998.

**Votes on Final Passage:**

Senate	48	0	
House	87	8	(House amended)
Senate			(Senate refused to concur)

Conference Committee

House	98	0
Senate	41	0