

SENATE BILL REPORT

SSB 5157

As Passed Senate, March 10, 1997

Title: An act relating to sales and use tax exemptions for victims of inclement weather that led to a declaration of a disaster area.

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).

Brief History:

Committee Activity: Ways & Means: 1/29/97, 2/19/97 [DPS].
Passed Senate, 3/10/97, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5157 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Fraser, Hochstatter, Kohl, Long, McDonald, Roach, Schow, Sheldon, Snyder, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

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 of Bill: A sales and use tax exemption is allowed on charges made for labor, services and tangible property for the repair or replacement of residential buildings and household goods, personal effects and private automobiles lost or destroyed by inclement weather that occurred between June 30, 1995 and May 1, 1997.

The repair or replacement of property that is covered by insurance is not exempt.

The Department of Revenue must provide qualified purchasers an exemption certificate. The exemption expires December 31, 1997.

Appropriation: None.

Fiscal Note: Requested on January 16, 1997.

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

Testimony For: Many people suffered damage to their homes and cars in recent storms. The state shouldn't benefit from people's misfortune by taxing them.

Testimony Against: None.

Testified: PRO: Senator Zarelli, prime sponsor; Senator Kohl.

House Amendment(s): The sales tax exemption on household goods and personal effects is removed. Commercial buildings are now included in the exemption.

The damage must have occurred between November 1995 and June 1997. The damage must have occurred in a county or Indian nation that has been declared a federal disaster area.

The amended bill takes effect July 1, 1997.