

# SENATE BILL REPORT

## SB 5343

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As Passed Senate, April 8, 1997

**Title:** An act relating to the determination of where a retail sale of towing services occurs for tax purposes.

**Brief Description:** Defining the location of a retail sale by a towing service operator as the place of business.

**Sponsors:** Senators Sellar and Prentice.

**Brief History:**

**Committee Activity:** Ways & Means: 2/13/97, 3/26/97 [DP].  
Passed Senate, 4/8/97, 43-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Fraser, Hochstatter, Long, Rossi, Sheldon, Snyder, Spanel, Swecker 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.

For tax purposes, a retail sale is deemed to occur at the place where the service is primarily performed.

**Summary of Bill:** For tow truck services, the place where the retail sale is deemed to occur is defined as the place of business of the operator of the tow truck service.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill simplifies the reporting of taxes for tow truck companies. It relieves an administrative burden.

**Testimony Against:** None.

**Testified:** PRO: Gene Gratzen, WA Tow Truck Association; Randy Houston, Randy's Towing.