

1327-S

Sponsor(s): House Committee on Finance (originally sponsored by Representatives Huff, Carrell, Quall, Mulliken, Morris, Linville, Ogden, Dunshee, B. Thomas, Johnson, Conway, Sheldon, Grant, Mastin, D. Schmidt, Robertson, Kessler, Skinner, Boldt, Lisk, Mielke, Dickerson, L. Thomas, O'Brien, Hatfield, Kenney, Gardner, Cooke, Costa, Ballasiotes, Thompson, Koster, Lantz, Mason, Schoesler, Dunn, Alexander and Anderson)

Brief Title: Reimbursing sellers for sales tax collection costs.

HB 1327-S.E - DIGEST

(DIGEST AS PASSED LEGISLATURE)

Authorizes each seller to retain, as reimbursement for the costs associated with collection and administration under RCW 82.08.050, the following amounts each reporting period: (1) 1.0 percent of the tax collected on the first forty thousand dollars of reimbursable sales per month in the reporting period; and

(2) 0.50 percent of the tax collected on reimbursable sales greater than forty thousand dollars but less than one hundred twenty thousand per month in the reporting period.

Provides that no reimbursement is allowed for taxable sales of one hundred twenty thousand dollars or more per month in the reporting period.

Does not apply to amounts received by a seller for administration under RCW 82.08.050.

VETO MESSAGE ON HB 1327-S

April 26, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Engrossed Substitute House Bill No. 1327 entitled:

"AN ACT Relating to reimbursing sellers for sales tax collection costs;"

Engrossed Substitute House Bill No. 1327 creates a method to reimburse retail sellers for the administrative costs of collecting the state retail sales tax. Under this legislation, retailers would keep one percent of the state retail sales tax collected on the first forty thousand dollars of taxable sales per month, and one-half of one percent of the state retail sales tax collected on sales greater than forty thousand dollars but less than or equal to one hundred twenty thousand dollars per month. Any amounts retained by retailers under this bill would also be exempted from the state business and occupation tax.

This bill represents a significant departure from current and well established state tax policy. At this time the state does not reimburse businesses for the collection of any of the major and general state taxes - a position taken by many other states as well. Retailers do, however, retain any interest or "float" earned

on tax money between the dates of collection and remission to the state. Signing this bill would have implications far beyond the scope of reimbursing retailers for the collection of the state retail sales tax. In light of recent tax cuts and revenue needs of the state, it would not be prudent to sign this bill into law.

For these reasons, I have vetoed Engrossed Substitute House Bill No. 1327 in its entirety.

Respectfully submitted,
Gary Locke
Governor