

# HB 1198

## Bill Analysis

February 2, 1999

**Brief Description:** Providing sales tax relief for victims of landslide disasters.

**Bill Sponsors:** Representatives Pennington, Doumit, Mielke, Hatfield, Carlson, Carrell, Thomas, Boldt, Haigh and Ogden.

### Brief Summary of Bill

- Sales tax exemptions are created for labor and service charges associated with moving houses, demolishing houses, or cleaning up debris in an area that has been declared as a federal landslide disaster area.

**Staff:** Linda Brooks, 786-7153.

### Background:

The sales tax is imposed on retail sales of most items of tangible personal property and some services. Charges for labor and services rendered to construct, repair, raze, or move buildings or structures are subject to sales tax. The combined state and local sales tax rate is between 7 and 8.6 percent, depending on location.

On October 16, 1998 President Clinton declared a federal disaster area in regards to a landslide occurring in the City of Kelso. According to Federal Emergency Management Office documents, the landslide is expected to ultimately destroy or make unlivable 137 homes.

**Summary of Bill:**

Labor and service charges associated with the following activities are exempt from sales tax:

- Moving houses out of a federal landslide disaster area;
- Demolishing houses located in a federal landslide disaster area; and
- Removing debris from a federal landslide disaster area.

These sales tax exemptions apply retroactively to March 1, 1998 and expire on July 1, 2000.

**Appropriation:** None.

**Fiscal Note:** Available.

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