HB 2323
Bill Analysis

January 25, 2000

Brief Description: Changing the nonresident sales tax exemption to a refund.

Bill Sponsors: Representative Thomas, DeBolt and Carrell..

Brief Summary of Bill

- Requires nonresidents to apply for a refund of sales tax rather than receive an exemption at the time of purchase.

Staff: Rick Peterson, 786-7150.

Background:

Residents of a state, possession, or Canadian province that does not impose a sales tax of 3 percent or more are exempt from Washington sales tax on purchases in this state of goods for use outside Washington. This exemption does not apply to meals, hotels, and services that are consumed in this state. Eligible nonresidents may take advantage of the exemption at the time of purchase by showing an out-of-state driver's license or an identification card which has a photograph of the nonresident. The identification must show the nonresident's address and have as one of its purposes the establishment of residency in the out-of-state jurisdiction.

Currently, residents of Alaska, Delaware, Montana, New Hampshire, Oregon, American Samoa, Guam, North Mariana Islands, Puerto Rico, Virgin Islands, and the Canadian Provinces of Alberta and Yukon, qualify for exemption under this statute.

Nonresidents from anywhere may purchase certain items in Washington without pay sales tax. For example, nonresidents do not pay sales tax on the purchase of motor vehicles, trailers, campers and boats delivered in Washington if the items are taken out of Washington.

Summary of Bill:

Eligible nonresidents must apply to the Department of Revenue for a refund of sales taxes rather than receive an exemption at the time of purchase. The state general fund will pay the entire cost of the refunds including refunds for local sales taxes. The sales exemption on the purchase of motor vehicles, trailers, campers and boats by nonresidents is not changed.

Appropriation: None.

Fiscal Note: Requested January 8, 2000.

Effective Date: July 1, 2000.