

SENATE BILL REPORT

SB 5895

As of February 25, 1999

Title: An act relating to a temporary exemption for clothing and footwear from sales and use taxes.

Brief Description: Providing a temporary exemption for clothing and footwear from sales and use tax.

Sponsors: Senators Franklin, Swecker, Eide, Winsley, Costa, Benton, Kohl-Welles, Rasmussen, Hargrove, Oke, Kline, Rossi, Honeyford, Johnson, Shin, Patterson, Fairley, Prentice, Brown, Thibaudeau and Goings.

Brief History:

Committee Activity: Ways & Means: 2/24/99.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Major items exempt from tax include food for human consumption, prescription drugs, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

Summary of Bill: For the period August 15, 1999, through August 21, 1999, clothing and footwear for human use under \$50 per item is exempt from sales and use tax. The exemption includes fabric, thread, yarn, buttons, snaps, hooks, zippers, and other items used to make or repair clothing if the item becomes a physical component part of the clothing. Excluded are costumes or rented formal wear, jewelry, athletic equipment, and protective devices such as motorcycle helmets.

The department may adopt rules to implement the bill.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill is targeted at back-to-school clothing. It increases the purchasing power of struggling families by 8 percent. This was done temporarily in New York and was so successful that it is now permanent. It was supported by the retailers there.

Testimony Against: None.

Testified: Senator Franklin, prime sponsor (pro)