

SENATE BILL REPORT

SB 6333

As Reported By Senate Committee On:
Ways & Means, February 8, 2000

Title: An act relating to sales and use tax exemptions for manufacturing machinery and equipment.

Brief Description: Modifying the sales and use tax exemption for manufacturing machinery and equipment.

Sponsors: Senators Haugen, Spanel, Rossi, Costa, Shin, Long, McDonald, Kohl-Welles, Horn, Fairley, Jacobsen, Gardner, Stevens, Hale, Winsley and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 1/26/2000, 2/8/2000 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6333 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Winsley, Wojahn and Zarelli.

Staff: David Schumacher (786-7474)

Background: The retail sales tax is imposed on the sale of most items of tangible personal property and some services purchased at retail. The state's retail sales and use tax is based on 6.5 percent of the selling price. Local governments may also impose additional taxes; therefore, the combined state and local retail sales and use tax rate currently ranges from 7.0 percent to 8.6 percent.

In 1995, the Legislature passed 2ESSB 5201 which included a sales tax exemption for new machinery and equipment (M&E) used directly in the manufacturing process.

Hand powered tools, property with a useful life of less than a year and buildings are not exempt.

Summary of Substitute Bill: The sales tax exemption for manufacturing machinery and equipment is broadened to include manufacturing property that is used to create molds even if that property has a useful life of less than a year.

Substitute Bill Compared to Original Bill: The original bill was drafted more broadly than intended.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill supports the original intentions of the M&E exemption, to stimulate economic investment and job creation.

Testimony Against: None.

Testified: Steve Dean, Bayliner Marine Corporation/US Marine (pro).