

HOUSE BILL REPORT

HJM 4020

As Reported by House Committee On:
Finance

Brief Description: Requesting Congress to restore the retail sales tax deduction for the federal income tax.

Sponsors: Representatives Simpson, Benson, Jarrett, Cooper, Sullivan, Conway, Dunshee, Hunt, Eickmeyer, Quall, Ruderman, Ogden, Fromhold, Cairnes, Morell, Hurst, Mulliken, Santos, Hatfield, Holmquist, Lysen, Pearson, Kessler, Chase, Wood, Esser, Schual-Berke, Jackley, Darneille, Pflug, Woods, Kenney, McDermott and McIntire.

Brief History:

Committee Activity:

Finance: 2/6/02, 2/11/02 [DP].

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| <p>Brief Summary of Bill</p> <ul style="list-style-type: none">· Asks Congress to restore the itemized deduction for sales taxes. |
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HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 11 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Nixon, Orcutt, Roach, Santos, Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Background:

In 1986 federal tax changes removed the itemized deduction for state and local sales taxes on federal income tax returns. State and local income taxes and property taxes continue to be deductible as itemized deductions.

Three bills have been introduced in the 107th Congress to restore the itemized deduction for sales taxes. These bills would allow a deduction for sales taxes in lieu of the deduction for state and local income taxes.

Summary of Bill:

Congress is requested to restore the itemized deduction for sales taxes.

Appropriation: None.

Fiscal Note: Available.

Testimony For: This is not a new issue. The Legislature has sent this note to Congress before. This is about fairness. State income taxes are deductible from federal income taxes but sales taxes are not. This penalizes the seven states without an income tax. This tax cut will provide an economic stimulus when the economy needs it.

Testimony Against: None.

Testified: Representative Simpson, prime sponsor.