

***Finance***

***PSHB 1114***

***Brief Description:*** *Providing a tax exemption for thoroughbred horses.*

***Sponsors:*** *Representatives Cairnes, Morris, Hunt, Cooper, O'Brien, Lisk, Hatfield, Wood, D. Schmidt, Haigh, Van Luven, Simpson and Woods.*

***Brief Summary of Bill***

- *Sales of thoroughbred race horses purchased through claim at racing meets are exempt from the state retail sales tax.*

***Hearing Date:*** *1/31/01*

***Staff:*** *Mark Matteson (786-7145).*

***Background:***

*The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax is imposed at a 6.5 percent rate by the state. Cities and counties may impose a local tax at a rate up to a maximum of 3.1 percent; currently, local rates range from 0.5 percent to 2.3 percent.*

*Sales of horses are made through claiming races, auctions, on the farm, or by individuals, and all sales are considered retail sales unless specified otherwise in statute. State and local retail sales taxes are due on all retail sales in the state unless there is a specific exemption. Purchases of horses for breeding purposes and that are registered with a nationally recognized breeding association are exempt from retail sales taxes. Sales of geldings and spayed mares, and on non-registered horses, are subject to retail sales taxes. A claiming race is a race in which the owners set the value of their horses, and any horse entered in such a race may be claimed by an eligible person by following specific*

*procedures. The Washington Horse Racing Commission regulates claiming activity through 260-60 WAC.*

***Summary of Bill:***

*Sales of thoroughbred race horses purchased through claim at racing meets are exempt from the state retail sales tax. Claim purchases must comply with the claiming provisions adopted by the horse racing commission.*

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

***Appropriation:*** *None.*

***Fiscal Note:*** *Requested on original bill January 23, 2001.*