

SENATE BILL REPORT

HB 1018

As Reported By Senate Committee On:
Ways & Means, April 2, 2001

Title: An act relating to tax relief for disasters.

Brief Description: Providing tax relief for disasters.

Sponsors: By Representatives Pennington, Mielke, Pearson and Alexander.

Brief History:

Committee Activity: Ways & Means: 3/22/01, 4/2/01 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. Charges for labor and services rendered to construct, repair, raze, or move buildings or structures are subject to sales tax. The combined state and local sales tax rate is between 7 and 8.6 percent, depending on location.

On October 16, 1998, President Clinton declared a federal disaster area in regards to a landslide occurring in the city of Kelso. According to Federal Emergency Management Office documents, the landslide is expected to ultimately destroy or make unlivable 137 homes.

Chapter 311, Laws of 1999 provided sales tax relief on labor and service charges associated with moving or demolishing houses or removing debris from a federal landslide disaster area; the act expired July 1, 2000. At the time that the act expired, a vast majority of the houses in the landslide area in Kelso had not yet been moved or demolished. As of January 16, 2001, the city of Kelso had plans to move or demolish a remaining total of 99 houses, to be completed by the latter part of calendar year 2001.

Summary of Bill: Labor and service charges associated with the following activities are exempt from sales tax:

- moving houses out of a federal landslide disaster area;
- demolishing houses located in a federal landslide disaster area; and
- removing debris from a federal landslide disaster area.

These sales tax exemptions expire on July 1, 2003.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This will allow Kelso to finish this project. The original legislation sunset was in 1999. This extends the exemption.

Testimony Against: None.

Testified: Doug Robinson, City of Kelso (pro).