

SENATE BILL REPORT

SHB 1203

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

Title: An act relating to department of revenue authority regarding sales and use tax exemption documentation and retention requirements.

Brief Description: Authorizing the department of revenue to modify sales tax exemption documentation and retention requirements for simplification purposes.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Cairnes and Morris; by request of Department of Revenue).

Brief History:

Committee Activity: Ways & Means: 3/21/01, 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 and Winsley.

Staff: David Schumacher (786-7474)

Background: A seller must collect sales tax on each retail sale, unless the buyer provides a resale or exemption certificate. A buyer must provide the following information on a resale or exemption certificate:

- (1) the name and address of the buyer;
- (2) the uniform business identifier number of the buyer;
- (3) the type of business engaged in;
- (4) the categories of items or services to be purchased for resale or that are exempt, unless the buyer is in a business classification that may present a blanket resale certificate as provided by the department by rule;
- (5) a statement that the items or services purchased either: are purchased for resale in the regular course of business; or are exempt from tax pursuant to statute; and
- (6) the name and signature of the authorized individual.

Sellers are held liable for the tax if they are not able to produce the required exemption certificates when audited by the Department of Revenue.

Before disclosing information obtained from a taxpayer, the Department of Revenue must inform the taxpayer what will be disclosed.

Summary of Bill: The Department of Revenue may enter into agreements with sellers for a project on sales and use tax exemption requirements. This project allows the use of electronic data collection in lieu of paper certificates.

The object of the project is to determine whether using an electronic system provides the same level of reliability as the current system while lessening the burden on the seller.

A seller that wishes to participate in the project may make application to the department. To be eligible for such participation, a seller must demonstrate its capability to take part in the project and to provide data to the department in a form in which the data can be used by the department. A seller selected as a participant by the department is relieved of other sales and use tax exemption documentation requirements provided by law as covered by the project.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This will relieve administrative burdens for both the Department of Revenue and the sellers.

Testimony Against: None.

Testified: Tim Sekerak, DOR (pro).