

# SENATE BILL REPORT

## SB 6419

---

---

As of February 6, 2002

**Title:** An act relating to including shipping charges in the measure of tax for use tax purposes.

**Brief Description:** Including shipping charges in the measure of use tax.

**Sponsors:** Senator Poulsen; by request of Governor Locke.

**Brief History:**

**Committee Activity:** Ways & Means: 2/5/02.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Chelsea Buchanan (786-7446)

**Background:** Sales tax applies to items purchased from in state and is collected by the seller. Sales tax is calculated on the "selling price" of an article, which includes delivery charges.

Use tax applies to items purchased from out of state and is not collected by the seller. The purchaser is required to submit use tax. Use tax is calculated on the "value" of an article, which statute does not specify includes delivery charges.

**Summary of Bill:** For the purposes of calculating the use tax, delivery, shipping, freight, or like transportation charges are included in the value of an article.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on June 1, 2002.

**Testimony For:** This bill closes a loophole that has existed since 1935.

**Testimony Against:** This bill may negatively affect Washington's maritime industry, which is already struggling and losing market share. It may require taxation on shipping containers that come into the state and are then shipped out again, and never even unpacked. Without these concerns addressed, the bill is opposed.

**Testified:** Randy Ray, Puget Sound Steamship Operators Association (concerns); Jim Hedrick, Office of Financial Management (pro).