

SENATE BILL REPORT

SJM 8013

As Reported By Senate Committee On:
Ways & Means, January 31, 2002

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

Sponsors: Senators Fraser, Rossi, Snyder, Honeyford, Brown, Patterson, Kohl-Welles, Kline, McAuliffe, Swecker, Prentice, Shin, Long, T. Sheldon, Hargrove, Costa, Hewitt, Spanel, Thibaudeau, Regala, Jacobsen, Franklin, Oke, Sheahan, Finkbeiner, Stevens, Zarelli, Morton, Rasmussen, Hale, Roach, Winsley, Johnson and Hochstatter.

Brief History:

Committee Activity: Ways & Means: 2/14/01, 2/20/01 [DP]; 1/31/02 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Long, Parlette, Poulsen, Rasmussen, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau and Zarelli.

Staff: Terry Wilson (786-7433)

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.

Two bills have been introduced in Congress recently to restore the itemized deduction for sales taxes. H.R. 322 would allow a taxpayer to deduct either state sales taxes or state and local income taxes. S. 291 would allow a taxpayer to deduct either state and local sales taxes or state and local income taxes.

Summary of Bill: Congress is requested to restore the itemized deduction for sales taxes.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Removal of the itemized deduction for sales taxes was an outrage. It is unfair that Washington residents can't deduct these taxes. It discriminates against this state and other states without an income tax.

Testimony Against: None.

Testified: Senator Fraser, prime sponsor (pro).