
Finance Committee

HB 3158

Brief Description: Exempting from sales and use tax computer equipment used primarily in printing or publishing.

Sponsors: Representatives McIntire, Kessler and Edwards.

Brief Summary of Bill

- Exempts from sales and use tax computer equipment purchased by a printer or publisher used primarily in the printing or publishing of newspapers, periodicals, or magazines.

Hearing Date: 2/9/04

Staff: Rick Peterson (786-7150).

Background:

Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales and use taxes are levied by the state, counties, and cities, and total rates vary from 7 to 8.9 percent.

Machinery and equipment sold to a manufacturer or a processor for hire used directly in a manufacturing operation or research and development operation are exempt from sales tax and use tax. Machinery and equipment must be used directly in a manufacturing operation or research and development operation to be exempt. Equipment that does not directly control manufacturing equipment, or interact with an item of tangible personal property which is part of the manufacturing process does not qualify for exemption.

Summary of Bill:

Computer equipment purchased by a printer or publisher used primarily in the printing or publishing of newspapers, periodicals, or magazines is exempt from sales and use tax. The exemption includes repair and replacement parts and installation and repair services. Computer equipment exempted includes: monitors, keyboards, printers, modems, scanners, printing devices, and other peripheral equipment, cables, servers, routers, digital cameras, and computer software.

Appropriation: None.

Fiscal Note: Requested on January 30, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.