

SENATE BILL REPORT

SB 6475

As of February 2, 2004

Title: An act relating to excise taxation of required college textbooks.

Brief Description: Exempting certain textbooks from sales and use tax.

Sponsors: Senators Schmidt, Shin, Mulliken and Keiser.

Brief History:

Committee Activity: Higher Education: 2/3/04.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Heather Lewis-Lechner (786-7448)

Background: The state retail sales tax rate is 6.5 percent and is imposed on the retail sale of most items of tangible personal property and some services. Sales tax is paid by the purchaser and collected by the seller.

A state use tax is imposed on items used in the state that are not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. Use tax is paid directly to the Department of Revenue.

Currently, a number of exemptions are created in state law for both the retail sales tax and the use tax. Examples of these exemptions include the sale of food products that are for human consumption, the sale of academic transcripts, sale of newspapers, the use of public records by state and local agencies as well as many other exemptions.

Persons who must collect state retail sales tax or pay use tax are required by law to preserve any records necessary to determine the amount of tax they owe for a period of five years and all books, records and invoices are open for examination at any time by the Department of Revenue.

Summary of Bill: A retail sales tax exemption is created for the sale of required college textbooks that are sold to enrolled higher education students by the institution or sold at a Washington bookstore whose principal sales are to enrolled students. Sales of required college textbooks sold to an enrolled student by an internet retailer are also exempt from retail sales tax if the internet retailer's principal place of business is in Washington.

The seller must obtain from the instructor or the institution documentation that the textbooks are required for the course for the exemption to apply. This documentation must be maintained for five years and is subject to examination at any time by the Department of Revenue.

The use of college textbooks required for courses at higher education institutions are exempt from the state use tax.

Appropriation: None.

Fiscal Note: Requested on January 29, 2004.

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