

FINAL BILL REPORT

SJM 8003

As Passed Legislature

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

Sponsors: Senators Fraser, Rossi, Kohl-Welles, Fairley, Jacobsen, Benton, Eide, Esser, Franklin, Hale, Haugen, Johnson, Kline, McAuliffe, Oke, Parlette, Rasmussen, Regala, Roach, Schmidt, B. Sheldon, Spanel, Stevens, Thibaudeau, Winsley and Zarelli.

Senate Committee on Ways & Means
House Committee on Finance

Background: In 1986 federal tax changes removed the itemized deduction for state and local sales taxes on federal income tax returns. The Washington State Tax Structure Study estimates that Washington residents pay an additional \$500 million annually in federal tax because of the inability to deduct state sales taxes. State and local income taxes and property taxes continue to be deductible as itemized deductions.

Thus far in the 108th Congress, a bill has been introduced in the House of Representatives to restore the itemized deduction for sales taxes. H.R. 261, the Stop Discrimination Against Seven States Act of 2003, would allow taxpayers of states with no income tax to deduct state and local sales and complementary use taxes.

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

Votes on Final Passage:

Senate	49	0
House	93	0