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**Transportation Committee**

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**SSB 5623**

**Brief Description:** Modifying the excise taxation of maintenance service agreements for regional transit authorities.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Haugen and Esser).

**Brief Summary of Substitute Bill**

- The definition of retail sale does not apply to agreements to provide maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the maintenance service and the services are being provided by another transit agency.

**Hearing Date:** 3/23/05

**Staff:** Beth Redfield (786-7347).

**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.

With few exceptions, all retail sales of tangible personal property or services defined as retail between any two political subdivisions of the state are subject to the retail sales tax. Political subdivisions of the state engaging in any activity for which a specific charge is made are also subject to the business and occupation tax.

**Summary of Bill:**

The definition of retail sale does not apply to agreements to provide maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the maintenance service and the services are being provided by another transit agency.

**Appropriation:** None.

**Fiscal Note:** Available.

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