

SENATE BILL REPORT

SB 5778

As of February 14, 2005

Title: An act relating to the taxation of sales of food and food ingredients sold through vending machines.

Brief Description: Taxing the sale of food from vending machines in the same manner as other sales of food.

Sponsors: Senators Pridemore, Zarelli and Prentice.

Brief History:

Committee Activity: Ways & Means: 2/16/05.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax at a rate up to a maximum of 3.4 percent. Currently, local rates levied range from 0.5 percent to 2.4 percent. Sales tax is paid by the purchaser and collected by the seller.

An exemption from the retail sales and use taxes is provided for food and food ingredients for human consumption, generally. This includes, in general, substances which are ingested or chewed for nutritional value or for taste. However, excluded from the exemption are dietary supplements, soft drinks, and prepared foods.

Vending machine sales of food products for human consumption are also taxable, but under separate provisions. If the vending product is a heated prepared food, retail sales tax applies to the full sales price of the item. For other vending food items, the retail sales tax applies to 57 percent of the gross revenues derived from the sale of the food product. For vending machine sales, the requirements that the seller collect the tax from the buyer, and that the amount of tax be itemized separately, is waived.

Summary of Bill: Food products sold in vending machines are subject to the same sales tax rules as food sold in other venues.

Appropriation: None.

Fiscal Note: Requested on February 5, 2005.

Committee/Commission/Task Force Created: No.

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