

HOUSE BILL REPORT

HB 1404

As Passed House:

January 23, 2008

Title: An act relating to providing a sales tax exemption for trail grooming on private and state-owned land.

Brief Description: Providing a sales tax exemption for certain trail grooming services.

Sponsors: By Representatives Wallace, Hinkle, Condotta, O'Brien, Fromhold, Ahern, McCune and Warnick.

Brief History:

Committee Activity:

Finance: 2/2/07, 2/27/07 [DP].

Floor Activity:

Passed House: 3/14/07, 95-1.

Floor Activity:

Passed House: 1/23/08, 96-1.

Brief Summary of Bill

- Exempts trail grooming services purchased by Washington and nonprofit corporations from sales tax.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire and Roach.

Minority Report: Without recommendation. Signed by 1 member: Representative Santos.

Staff: Jeff Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some

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services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Included in the retail sales tax base are charges made for clearing land and moving earth, except where land is leveled for the purpose of farming. This includes snow compacting, snow redistribution, and snow removal, on state-owned or privately-owned trails.

The Parks and Recreation Commission (Commission) has managed a winter recreation program since 1975 called Sno-Park. The Commission provides cleared parking areas in close proximity to groomed and backcountry trails on public and private lands. The Commission contracts with vendors to provide the trail grooming services, in which the vendor maintains and arranges the snow cover on the trails to facilitate the type of designated winter recreation for the trail.

A 2004 audit by the Department of Revenue found that the Commission should pay sales taxes on its purchased trail grooming services.

Summary of Bill:

Trail grooming services provided to Washington and nonprofit corporations are exempted from sales tax.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is a bill that addresses the practicality of trail grooming. Imagine being out in the wilderness, in snow that is 30 feet high, and the trail groomer can't determine where the public-private property line is located. We brought a picture of a snow groomer. These machines work on trails and other forested areas at night. The Sno-Park program does a lot of different things for the public. It provides plowing at snow parks as well as grooming trails. This season we are short of money, again, to fund all the programs that have requested funding. There are a lot of people visiting the parks. Sometimes there are over 100 snowmobiles over one little stretch of trail in an hour. That really impacts the trail. We could really use the extra funding to provide these extra services to the public.

(Opposed) None.

Persons Testifying: (In support) Representative Wallace, prime sponsor and Howard Briggs, Washington State Snowmobile Association.

Persons Signed In To Testify But Not Testifying: None.