

# SENATE BILL REPORT

## SB 6542

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As of January 29, 2008

**Title:** An act relating to sales and use tax exemptions of heating oil.

**Brief Description:** Providing a heating oil sales and use tax exemption.

**Sponsors:** Senators Rasmussen, Honeyford, Roach, Franklin, Marr, Shin, Kastama, Hatfield, Pflug, Jacobsen, McAuliffe and Hargrove.

**Brief History:**

**Committee Activity:** Ways & Means: 1/28/08.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**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 services. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location.

Electricity and natural gas are not subject to the retail sales tax. However, other types of heating fuels used to heat homes such as oil, diesel fuel, kerosene, and propane are subject to the retail sales and use tax.

**Summary of Bill:** A sales and use tax exemption is provided for heating oil used to heat a home, which includes stove oil, diesel fuel, and kerosene. The exemption does not apply to any fuel that is used as fuels for vehicles, vessels, industrial processing, or the generation of electricity.

**Appropriation:** None.

**Fiscal Note:** Requested on January 17, 2008.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2008.

**Staff Summary of Public Testimony:** PRO: The cost of heating oil has doubled in recent years, so this tax exemption will go a long way to ease the expense of heating peoples homes. CON: We are opposing this mainly because of the cost. We don't disagree with the policy, but when the cost gets this high it has a big impact on local jurisdictions. Help for these individuals might be better served through a grant program.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Persons Testifying:** PRO: Charlie Brown, Washington Oil Marketers Association.

CON: Jim Justin, Association of Washington Cities; Julie Murray, Washington State Association of Counties.