
Ways & Means Committee

HB 2791

Brief Description: Funding all-day kindergarten.

Sponsors: Representatives Lytton, Jenkins, Ladenburg, Billig, Reykdal, Tharinger, Fitzgibbon, Hansen, Wylie, Moscoso, Roberts, Maxwell, Green, Santos, Carlyle, Ryu, Liias, Appleton, Hunt, Hasegawa, Ormsby, Orwall, Moeller and Kenney.

Brief Summary of Bill

- Provides additional funding for all-day kindergarten by repealing the nonresident sales tax exemption.

Hearing Date: 2/24/12

Staff: Jeffrey Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, cities, and counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property, digital products, and some services when used in this state.

A sales tax exemption is allowed to residents of a state, possession, or Canadian province that does not impose a retail sales tax or use tax of 3 percent or more on purchases of goods for use outside the state. The exemption does not apply to items or services consumed in the state such as hotel stays or meals at restaurants. Retailers are not required to make tax exempt sales to qualifying nonresidents. A vendor may choose to collect sales tax on purchases made by qualifying nonresidents or to sell merchandise tax free.

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.

Beginning with the 2007-08 school year, funding for voluntary all-day kindergarten programs started with schools with the highest poverty levels, which are those schools with the highest percentages of students qualifying for free and reduced-price lunch support. The phased-in approach to funding the full-day kindergarten program is expected to continue until full statewide implementation is achieved in the 2017-18 school year. Currently, there are approximately 78,000 kindergarten students in Washington with approximately 17,000 participating in the full-day kindergarten program.

Summary of Bill:

The nonresident sales tax exemption is repealed.

Beginning in 2013, and every year thereafter, the Department of Revenue must estimate the increase in state revenue resulting from the repeal of the nonresident sales tax exemption. Based on this estimate, the State Treasurer is required to transfer, on an annual basis, the estimated amount from the State General Fund to a new all-day kindergarten account (account). Money in the account must be used to provide additional funding for all-day kindergarten.

Appropriation: None.

Fiscal Note: Requested on February 23, 2012.

Effective Date: The bill takes effect July 1, 2012.