
Ways & Means Committee

HB 2822

Brief Description: Concerning local sales and use tax account deposits and distributions.

Sponsors: Representative Hunter; by request of Governor Gregoire and State Treasurer.

Brief Summary of Bill

- Requires the local share of retail sales and use taxes be transferred from the State General Fund into the Local Sales & Use Tax Account on a monthly basis rather than on a daily basis.
- Requires any foregone interest that otherwise would have accrued to the Local Sales & Use Tax Account be replaced by a transfer from the State General Fund.

Hearing Date: 4/4/12

Staff: Dave Johnson (786-7154).

Background:

Retail sales and use taxes are imposed by the State, most cities, all counties, and by some special purpose districts. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and 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 and digital products and some services when used in this State. Sales and use taxes imposed by the State and local governments are collected by the Department of Revenue (DOR).

Taxpayers remitting sales and use taxes typically file returns with DOR monthly. Those taxes are initially deposited into the State General Fund. The next day, the local share of those taxes, minus a 1 percent administrative fee, is transferred from the State General Fund to the Local Sales & Use Tax Account. The Local Sales & Use Tax Account retains its own interest.

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.

At the end of following month, these collected moneys, along with interest earnings, are then distributed by the State Treasurer to local governments.

Summary of Bill:

Beginning January 1, 2013, DOR will deposit the local share of retail sales and use taxes into the Local Sales & Use Tax Account on a monthly basis on the last business day of the month in which the distributions to local governments are made.

The State Treasurer must transfer an amount equal to any foregone interest from the State General Fund to the Local Sales & Use Tax Account and must also distribute the interest to impacted entities (counties, cities, transportation authorities, public facilities districts, public transportation benefit areas, regional transportation investment districts, and transportation benefit districts).

Appropriation: None.

Fiscal Note: Requested on April 3, 2012.

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