

FINAL BILL REPORT

HB 2822

C 9 L 12 E1

Synopsis as Enacted

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

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

House Committee on Ways & Means
Senate Committee on Ways & Means

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 the 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 and Use Tax Account. The Local Sales and Use Tax Account retains its own interest.

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

Summary:

Beginning January 1, 2013, the Department of Revenue will deposit the local share of retail sales and use taxes into the Local Sales and 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 and Use Tax Account and must also distribute the interest to

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impacted entities (counties, cities, transportation authorities, public facilities districts, public transportation benefit areas, regional transportation investment districts, and transportation benefit districts).

Votes on Final Passage:

First Special Session

House 82 15

Senate 42 5

Effective: July 10, 2012