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## Finance Committee

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### SSB 5697

**Brief Description:** Reducing the frequency of local sales and use tax changes.

**Sponsors:** Senate Committee on Trade & Economic Development (originally sponsored by Senators Braun, Carrell, Dammeier, Rivers and Sheldon).

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Reduces the frequency of local sales and use tax changes from four times per year to twice per year.</li></ul>
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**Hearing Date:** 3/25/13

**Staff:** Dominique Meyers (786-7150).

**Background:**

Sales and Use Tax.

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 user acquired the property, digital products or services, then use taxes applies to the value of property, digital product or service when used in this state. The state, most cities and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Local Sales Tax Changes.

In general, local sales and use tax changes can take effect no sooner than 75 days after the Department of Revenue (DOR) receives notice of the change and only on the first day of January, April, July, or October.

A local sales and use tax that is a credit against the state tax can take effect no sooner than 30 days after the DOR receives notice and only on the first day of a month.

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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.*

**Summary of Bill:**

Local sales and use tax changes can only be made on the first day of April or October. The DOR must still receive notice 75 days prior to the change.

**Appropriation:** None.

**Fiscal Note:** Available.

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