

FINAL BILL REPORT

ESSB 5110

C 24 L 13

Synopsis as Enacted

Brief Description: Concerning local government purchasing of supplies, materials, or equipment.

Sponsors: Senate Committee on Governmental Operations (originally sponsored by Senators Tom, Murray, Hill and McAuliffe).

Senate Committee on Governmental Operations

House Committee on Local Government

Background: When making large purchases of supplies, materials, or equipment from private suppliers, local governments must generally award contracts to the lowest bidder. However, local governments that impose sales and business and occupation taxes may consider the tax revenue they would receive if they purchased the items from a local supplier. Local governments may only consider sales and business taxes they impose—not sales and business taxes imposed by other local governments. After considering that tax revenue, local governments must award contracts to the lowest bidder.

Generally, with respect to transactions involving in-state sellers and buyers, sales taxes are collected based on a buyer's location. However, sales taxes on certain items, including motor vehicles, are collected based on a seller's location. This can result in a local government awarding a contract outside of its jurisdiction due to the tax differential.

Summary: A local government authorized to impose sales and business and occupation taxes may award a contract for purchase of supplies, materials, or equipment to the lowest bidder before sales and business and occupation taxes imposed by any local government are applied. The local government must provide notice of its intent to award a contract based on this method prior to submission of bids.

Votes on Final Passage:

Senate	48	0
House	57	37

Effective: July 28, 2013.

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.