

SENATE BILL REPORT

SB 5871

As of June 10, 2013

Title: An act relating to fiscal matters.

Brief Description: Relating to fiscal matters.

Sponsors: Senator Hill.

Brief History:

Committee Activity: Ways & Means: 6/10/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

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 apply to the value of property, digital products, or services 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.

Nonresident Sales Tax Exemption. A sales tax exemption is allowed to a resident of a state, possession, or Canadian province that does not impose a retail sales tax, use tax, value added tax, gross receipts tax, or similar generally applicable 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.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The nonresident sales tax exemption is converted to a remittance program. Out-of-state residents will owe sales tax initially, but may apply once each calendar quarter to the Department of Revenue (DOR) for a remittance of

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Washington sales taxes paid in the prior calendar year. The person may seek a remittance of both state and local sales tax. The amount of the remittance claim must exceed \$25.

Appropriation: None.

Fiscal Note: Requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2013.