

SENATE BILL REPORT

SB 6571

As of February 24, 2014

Title: An act relating to providing education funding from sales tax revenues from remote sellers.

Brief Description: Providing education funding from sales tax revenues from remote sellers.

Sponsors: Senators Hill, Mullet, Litzow, McAuliffe, Dammeier and Tom.

Brief History:

Committee Activity: Ways & Means: 2/25/14.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Sales Taxes on Remote Sales. Washington and 45 other states impose retail sales and use taxes. These taxes are imposed on the retail sale or use of most items of tangible personal property and some services. The rates, definitions, and administrative provisions relating to sales and use taxes vary greatly among the 7500 state and local taxing jurisdictions. This variety is one reason cited in *Quill v. North Dakota*, 112 S.Ct. 1904 (1992), where the United States Supreme Court held that the federal commerce clause prohibits a state from requiring mail-order, and by extension internet, firms to collect sales tax unless they have a physical presence in the state.

Only legislation passed by the United States Congress or a court ruling can enable individual states to require remote sellers to collect the sales tax on their sales. Several pieces of legislation have been introduced in Congress over the years, but none of them have passed.

Education Legacy Trust Account. The Education Legacy Trust Account was established by the Legislature in 2005 to receive dedicated tax revenues to support the K-12 school system, increase higher education enrollments and financial aid, and provide for other educational improvements.

Summary of Bill: If either the United States Congress or the courts grant individual states the authority to impose sales and use tax collection duties on remote sellers, the Department of Revenue (DOR) must annually estimate the anticipated net increase in state sales tax revenues resulting from remote sellers collecting and remitting sales tax on sales in this state.

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.

DOR must notify the State Treasurer of this amount and the Treasurer must transfer such amount from the general fund to the Education Legacy Trust Account.

Appropriation: None.

Fiscal Note: Requested on February 23, 2014.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.