
Finance Committee

HB 2066

Brief Description: Concerning the taxation of wax and ceramic materials used to make molds.

Sponsors: Representatives Sells, Parker, Moscoso, Harmsworth, Ryu, Stanford, Robinson, Riccelli, McCaslin and Scott.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Eliminates the June 30, 2015 expiration date for the sales and use tax exemption for wax, ceramic materials, and labor related to the creation of investment castings used in industrial application.

Hearing Date: 3/20/15

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 apply 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 3.1 percent, depending on the location.

Wax and Ceramic Material Exemption.

In 2010, the legislature provided a sales and use tax exemption for wax and ceramic materials used to make molds for creating ferrous and nonferrous investment castings used in industrial applications. The exemption also applies to labor and services used to create wax patterns and ceramic shells for such investment castings. The sales and use tax exemption expires June 30, 2015.

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Summary of Bill:

The expiration date for the sales and use tax exemption for wax, ceramic materials, and labor related to the creation of investment castings used in industrial applications is eliminated. The tax preference performance statement categorizes the tax preference as one intended to reduce a structural inefficiency and exempts this tax preference from the mandatory expiration date or a joint legislative audit and review committee analysis.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill has an emergency clause and takes effect June 30, 2015.