
Finance Committee

SB 5511

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

Sponsors: Senators Braun, Baumgartner, Rivers, Angel, Bailey and Honeyford.

Brief Summary of Bill

- Reduces the allowable frequency of local sales and use tax changes from four times per year to three times per year.

Hearing Date: 3/17/15

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.

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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Summary of Bill:

Local sales and use tax changes can only be made on the first day of January, April or July. 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.