

HOUSE BILL REPORT

SB 5511

As Reported by House Committee On: Finance

Title: An act relating to reducing the frequency of local sales and use tax changes.

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

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

Brief History:

Committee Activity:

Finance: 3/17/15, 4/3/15 [DP].

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.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 16 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Fitzgibbon, Manweller, Pollet, Reykdal, Robinson, Ryu, Springer, Stokesbary, Vick, Wilcox and Wylie.

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.

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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.

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.

Staff Summary of Public Testimony:

(In support) This will reduce the regulatory burden for businesses that are required to collect retail sales tax by reducing the number of times they will have to update their sales systems for local tax rate changes.

(Opposed) None.

Persons Testifying: Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.