

SENATE BILL REPORT

SB 5511

As Passed Senate, March 3, 2015

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: Ways & Means: 2/02/15, 2/09/15 [DP].

Passed Senate: 3/03/15, 47-1.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hatfield, Hewitt, Kohl-Welles, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

Staff: Dean Carlson (786-7305)

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 3.0 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 DOR receives notice and only on the first day of a month.

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.

Summary of Bill: Local sales and use tax changes can only be made on the first day of January, April, or July. DOR must still receive notice 75 days prior to the change.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This reduces the regulatory burden for employees. It is a lot of work to keep up with the local sales tax changes. It saves taxpayers money and time. Rate-setting authority is unchanged.

OTHER: Previous bills reduced the months in which changes could be made from four to two. We agreed to compromise reducing it from four to three months that rate changes could be made.

Persons Testifying: PRO: Carolyn Logue, WA Food Industry Assn.; Amber Carter, Assn. of WA Business.

OTHER: Victoria Lincoln, Assn. of WA Cities.