
Finance Committee

HB 2089

Brief Description: Removing the expiration date from the sales and use tax exemptions for certain products that impart flavor to food.

Sponsors: Representatives Lytton and Nealey.

Brief Summary of Bill

- Extends the sales and use tax exemption for products sold to restaurants that impart flavor to food during the cooking process until January 1, 2028.

Hearing Date: 2/21/17

Staff: Rachelle Harris (786-7137).

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 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.

Tax Preferences.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided.

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.

A sales and use tax exemption is provided for products sold to restaurants that impart flavor to food during the cooking process. The product must:

1. be completely or substantially consumed during the cooking process, which includes items such as wood chips, charcoal, briquettes, and grapevines; or
2. support the food during the cooking process and be entirely comprised of wood, such as grilling planks.

The exemption does not apply to any type of gas fuel. The exemption expires on July 1, 2017.

Summary of Bill:

The sales and use tax exemption for products sold to restaurants that impart flavor to food during the cooking process is extended until January 1, 2028.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2017.