
Finance Committee

HB 1307

Brief Description: Providing a sales and use tax exemption on eligible purchases made on behalf of Washington chapters of the veterans of foreign wars.

Sponsors: Representatives Mosbrucker, Kilduff, Chandler, Reeves, Corry, Hoff, Gregerson and Leavitt.

Brief Summary of Bill

- Provides a sales and use tax exemption on eligible purchases made on behalf of Washington chapters of the Veterans of Foreign Wars

Hearing Date: 1/31/19

Staff: Richelle Geiger (786-7139).

Background:

Veterans of Foreign Wars of the United States.

The Veterans of Foreign Wars (VFW) is a nonprofit veterans service organization comprised of eligible veterans and military service members from the active, guard and reserve forces.

To qualify for membership, an individual must:

- be a U.S. citizen or U.S. National;
- must have served in the Armed Forces of the United States and either received a discharge of Honorable or General (Under Honorable Conditions) or be currently serving; and
- have served in a war, campaign, or expedition on foreign soil or in hostile waters.

The VFW mission statement is to foster camaraderie among United States veterans of overseas conflict and to serve veterans, the military and their community and advocate on behalf of all veterans.

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.

Retail 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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities 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 3.9 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. Currently, Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a Tax Preference Performance Statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary of Bill:

Eligible purchases made on behalf of any chapter of the VFW located in Washington are exempt from retail sales and use tax. An eligible purchase is one made by a member, employee, or officer of the VFW on behalf of any chapter that is located in Washington.

Any taxpayer claiming the exemption must pay the state and local tax at the time of purchase and request a remittance from the Department of Revenue. A request for remittance must include proof of membership or employment by a VFW chapter located in Washington. The Department may require additional information, including a description of the item purchased, the retail sale price of the item, the amount of sales tax paid for the item, the date of the purchase, the name of the seller, the physical address of where the sale took place and the sales receipt to verify the purchase.

The bill is exempt from the TPPS and 10-year expiration date requirements for new tax preferences.

Appropriation: None.

Fiscal Note: Requested on 1/22/2019.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.