
Finance Committee

HB 2480

Brief Description: Providing a sales and use tax exemption for diapers and diaper services.

Sponsors: Representatives Robinson, Rude, Leavitt, Valdez, Doglio, Pollet, Cody and Riccelli.

Brief Summary of Bill
<ul style="list-style-type: none">• Exempts infants', toddlers', and children's diapers from sales and use tax.• Exempts diaper services from sales and use tax.

Hearing Date: 1/30/20

Staff: Nick Tucker (786-7383).

Background:

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.

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.

All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary of Bill:

Diapers and diaper services are exempt from sales and use tax.

"Diaper" means an absorbent garment that is washable or disposable and is designed, manufactured, processed, fabricated, or packaged for use by infants, toddlers, or children who are incapable of or have difficulty controlling their bladder or bowel movements.

"Diaper service" means a business that supplies and launders diapers.

The bill is exempted from TPPS requirements, the 10-year expiration of tax preferences, and the JLARC review.

The exemptions provided in the bill are required to be included in the exemption report published by the Department of Revenue.

Appropriation: None.

Fiscal Note: Requested on January 15, 2020.

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