

FINAL BILL REPORT

SB 5337

C 188 L 19
Synopsis as Enacted

Brief Description: Expanding a sales and use tax exemption for personal property sold between political subdivisions to include sales or uses of personal property as a result of a merger or sales or uses of personal property made under contractual consolidations in which the taxpayer that originally paid the sales or use tax continues to benefit from the personal property.

Sponsors: Senators Takko and Holy.

Senate Committee on Local Government
Senate Committee on Ways & Means
House Committee on Local Government
House Committee on Finance

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 the property, digital product, or service when used in this state. The state, 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 depending on the location.

Annexation or Incorporation Exemption. Generally, the sale of tangible personal property by one political subdivision to another political subdivision resulting from an annexation or incorporation, or the use of personal property resulting from the same, is exempt from sales and use taxes.

Summary: The sale or use of personal property resulting from a merger of two political subdivisions is exempt from sales and use taxes. Personal property sold by one political subdivision to another is also exempt from sales and use taxes if there is a contract allowing the taxpayers of the seller to continue benefiting from the use of the property.

This act is exempt from tax preference performance statement requirements and expires January 1, 2030.

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.

Votes on Final Passage:

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| Senate | 48 | 0 |
| House | 98 | 0 |

Effective: July 28, 2019