

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1354

66th Legislature
2019 Regular Session

Passed by the House March 28, 2019
Yeas 93 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 16, 2019
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 1354** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1354

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By Representatives Walen, Stokesbary, Wylie, Orcutt, Vick, Frame, Eslick, and Ormsby

Read first time 01/21/19. Referred to Committee on Finance.

1 AN ACT Relating to providing that scan-down allowances on food
2 and beverages intended for human and pet consumption are bona fide
3 discounts for purposes of the business and occupation tax; adding a
4 new section to chapter 82.04 RCW; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04
7 RCW to read as follows:

8 (1) In computing tax under RCW 82.04.290(2), a seller may deduct
9 from the measure of tax the amount of scan-down allowances.

10 (2) For purposes of this section, a provision that the seller
11 must sell at a certain retail price or a specific price reduction
12 does not constitute either:

13 (a) A service provided by the seller to the manufacturer or
14 wholesaler; or

15 (b) A business activity directly or indirectly benefiting the
16 manufacturer or wholesaler.

17 (3) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (a) "Product" means:

1 (i) Food and food ingredients other than prepared food, as those
2 terms are defined in RCW 82.08.0293, whether or not exempt from sales
3 tax under RCW 82.08.0293; and

4 (ii) Pet food and specialty pet food as defined in RCW 15.53.901.

5 (b) "Scan-down allowance" means a payment or credit offered to a
6 seller by a manufacturer or wholesaler of products, where:

7 (i) The amount of the payment or credit is based on the quantity
8 of the product to be sold at retail by the seller within a specified
9 period of time;

10 (ii) The seller knew the terms of the offer before making the
11 sales that generated the payment or credit from the manufacturer or
12 wholesaler; and

13 (iii) The seller is not required to provide any services to the
14 manufacturer or wholesaler or engage in any business activities
15 directly or indirectly benefiting the manufacturer or wholesaler, in
16 order to receive the payment or credit from the manufacturer or
17 wholesaler.

18 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
19 82.32.808 do not apply to this act.

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