

SENATE BILL REPORT

SB 5309

As of March 10, 2021

Title: An act relating to providing a sales and use tax exemption for adult and baby diapers.

Brief Description: Providing a sales and use tax exemption for adult and baby diapers.

Sponsors: Senators Rivers, Brown, Das, Fortunato, Hasegawa, Keiser, Lovelett, Mullet, Robinson, Wilson, C. and Wilson, L..

Brief History:

Committee Activity: Ways & Means: 3/11/21.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Exempts diapers from sales and use tax.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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 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 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. Legislation that establishes or expands a tax preference must include a tax preference performance statement

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that identifies the public policy objective of the preference, as well as specific metrics the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided.

Summary of Bill: The retail sales and use taxes do not apply to sales of diapers.

"Diaper" is defined as an absorbent incontinence product that is washable or disposable and is worn by a person, regardless of age or sex, who cannot control bladder or bowel movements.

The tax preference is permanent and not subject to automatic expiration or review by JLARC.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on October 1, 2021.