

---

**SUBSTITUTE HOUSE BILL 2018**

---

**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Paul, Rule, Bergquist, Bronoske, Chapman, Leavitt, Ramel, Ryu, Sutherland, Berg, Callan, Frame, Riccelli, and Lekanoff)

READ FIRST TIME 02/28/22.

1 AN ACT Relating to creating a three-day shop local and save sales  
2 and use tax holiday to benefit all Washington families for certain  
3 items \$1,000 or less during the month of September; adding a new  
4 section to chapter 82.08 RCW; adding a new section to chapter 82.12  
5 RCW; adding new sections to chapter 82.14 RCW; creating new sections;  
6 and providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** The legislature recognizes that  
9 Washingtonians have been greatly impacted by the COVID-19 pandemic,  
10 which caused significant economic hardship for many. Along with  
11 rising costs of living across the state, the economic impacts of  
12 COVID-19 have put an additional strain on households already  
13 struggling to meet their basic needs. The legislature finds that  
14 Washington's tax system is the most regressive in the nation. Under  
15 Washington's regressive tax system, those who earn the least in the  
16 state pay a significantly higher percentage of their income in state  
17 and local retail sales tax, further increasing the economic burden on  
18 families.

19 The legislature finds that independent, local, main street  
20 businesses across the state have also been significantly impacted by  
21 the COVID-19 pandemic. While many big box stores with national and

1 international resources were able to pivot to online sales or other  
2 strategies to weather the economic crisis, many main street  
3 businesses were unable to do the same and are now struggling.

4 Further, the legislature finds that the state's access to one-  
5 time funds should be used to benefit families and businesses  
6 throughout the state. Therefore, the legislature intends to create a  
7 one-time sales and use tax holiday for certain items, reducing the  
8 costs of goods for those families that need it most and spurring  
9 local economic activity.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08  
11 RCW to read as follows:

12 (1) Subject to the limitations and conditions provided in this  
13 section, the provisions of this chapter do not apply to sales of  
14 items with a purchase price of \$1,000, or less, purchased by an  
15 individual between 12:00 a.m. on September 3, 2022, and 11:59 p.m. on  
16 September 5, 2022.

17 (2) This section does not apply to the purchase of motor  
18 vehicles, boats, services, construction, alcoholic beverages, tobacco  
19 or marijuana products, utilities, travel, or prepared meals.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12  
21 RCW to read as follows:

22 (1) Subject to the limitations and conditions provided in this  
23 section, the provisions of this chapter do not apply to sales of  
24 items with a purchase price of \$1,000, or less, purchased by an  
25 individual between 12:00 a.m. on September 3, 2022, and 11:59 p.m. on  
26 September 5, 2022.

27 (2) This section does not apply to the purchase of motor  
28 vehicles, boats, services, construction, alcoholic beverages, tobacco  
29 or marijuana products, utilities, travel, or prepared meals.

30 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.14  
31 RCW to read as follows:

32 The shop local and save sales and use tax holiday mitigation  
33 account is created in the state treasury. Expenditures from the  
34 account may only be made pursuant to section 5 of this act as  
35 mitigation payments to local taxing districts impacted by the sales  
36 and use tax suspension on items pursuant to sections 2 and 3 of this  
37 act and based on the estimates in section 5 of this act.

1        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 82.14  
2    RCW to read as follows:

3        (1) In order to mitigate local sales and use tax revenue losses  
4    as the result of the shop local and save sales and use tax holiday  
5    authorized in sections 2 and 3 of this act, the state treasurer must  
6    transfer mitigation payments from the shop local and save sales and  
7    use tax holiday mitigation account to local taxing districts impacted  
8    by the shop local and save sales and use tax holiday by December 1,  
9    2022. The department shall determine the local taxing districts and  
10   mitigation payment amounts under this section.

11       (2) The department must estimate the revenue losses for each  
12   impacted local taxing district as the result of the shop local and  
13   save sales and use tax holiday authorized under sections 2 and 3 of  
14   this act. The department must notify the state treasurer by November  
15   18, 2022, of the amount of each mitigation payment that must be  
16   transferred from the shop local and save sales and use tax holiday  
17   mitigation account to each local taxing district.

18       (3) The department of revenue's estimates under this section may  
19   not be overturned by a court except upon a showing of willful  
20   misconduct by clear, cogent, and convincing evidence.

21       NEW SECTION.    **Sec. 6.**    RCW 82.32.805 and 82.32.808 do not apply  
22   to this act.

23       NEW SECTION.    **Sec. 7.**    This act expires June 30, 2023.

--- END ---