
HOUSE BILL 2018

State of Washington

67th Legislature

2022 Regular Session

By Representatives Paul, Rule, Bergquist, Bronoske, Chapman, Leavitt, Ramel, Ryu, Sutherland, Berg, Callan, Frame, Riccelli, and Lekanoff

Read first time 01/17/22. Referred to Committee on Finance.

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 a new
6 section; 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 tax levied by RCW 82.08.020 does not apply to sales of
14 qualified items purchased by an individual between 12:00 a.m. on
15 September 3, 2022, and 11:59 p.m. on September 5, 2022.

16 (2) Rules adopted by the department for the administration of
17 this section must be substantially consistent with the streamlined
18 sales and use tax agreement, as used in chapter 82.58 RCW.

19 (3) The following definitions apply to this section:

20 (a) "Clothing" means human wearing apparel suitable for general
21 use.

22 (b) "Computers and related products" means a computer, as defined
23 in RCW 82.04.215, computer software, as defined in RCW 82.04.215, and
24 computer accessories. "Computer accessory" means an item relating to
25 technology having electrical, digital, magnetic, wireless, optical,
26 electromagnetic, or similar capabilities.

27 (c) "Energy star qualified appliances" means appliances to be
28 used in a home environment that meet the United States environmental
29 protection agency energy star program requirements.

30 (d) "Health care equipment" means durable medical equipment
31 purchased at a retail establishment without a physician's written
32 prescription. "Durable medical equipment" has the same meaning as in
33 RCW 82.08.0283.

34 (e) "Individual" means a natural person purchasing the qualified
35 item for personal use and consumption. An "individual" does not
36 include persons purchasing qualified items for use and consumption by
37 a business or in a business capacity.

38 (f) "Over-the-counter drug" has the same meaning as in RCW
39 82.08.0281.

1 (g)(i) "Qualified items" means clothing, certain computers and
2 related products, school supplies, energy star qualified appliances,
3 over-the-counter drugs, and certain health care equipment purchased
4 by an individual. Each item must be priced at \$1,000 or less.

5 (ii) "Qualified items" does not include motor vehicles, boats,
6 services, construction, tobacco or marijuana products, alcoholic
7 beverages, utilities, travel, or meals.

8 (h) "School supply item" means an item commonly used by a student
9 in a course of study.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
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 qualified items purchased by an individual between 12:00 a.m. on
15 September 3, 2022, and 11:59 p.m. on September 5, 2022.

16 (2) Rules adopted by the department for the administration of
17 this section must be substantially consistent with the streamlined
18 sales and use tax agreement, as used in chapter 82.58 RCW.

19 (3) The following definitions apply to this section:

20 (a) "Clothing" means human wearing apparel suitable for general
21 use.

22 (b) "Computers and related products" means a computer, as defined
23 in RCW 82.04.215, computer software, as defined in RCW 82.04.215, and
24 computer accessories. "Computer accessory" means an item relating to
25 technology having electrical, digital, magnetic, wireless, optical,
26 electromagnetic, or similar capabilities.

27 (c) "Energy star qualified appliances" means appliances to be
28 used in a home environment that meet the United States environmental
29 protection agency energy star program requirements.

30 (d) "Health care equipment" means durable medical equipment
31 purchased at a retail establishment without a physician's written
32 prescription. "Durable medical equipment" has the same meaning as in
33 RCW 82.08.0283.

34 (e) "Individual" means a natural person purchasing the qualified
35 item for personal use and consumption. An "individual" does not
36 include persons purchasing qualified items for use and consumption by
37 a business or in a business capacity.

38 (f) "Over-the-counter drug" has the same meaning as in RCW
39 82.08.0281.

1 (g)(i) "Qualified items" means clothing, certain computers and
2 related products, school supplies, energy star qualified appliances,
3 over-the-counter drugs, and certain health care equipment purchased
4 by an individual. Each item must be priced at \$1,000 or less.

5 (ii) "Qualified items" does not include motor vehicles, boats,
6 services, construction, tobacco or marijuana products, alcoholic
7 beverages, utilities, travel, or meals.

8 (h) "School supply item" means an item commonly used by a student
9 in a course of study.

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

12 The shop local and save sales and use tax holiday mitigation
13 account is created in the state treasury. Expenditures from the
14 account may only be made pursuant to section 5 of this act as
15 mitigation payments to local taxing districts impacted by the sales
16 and use tax suspension on certain items pursuant to sections 2 and 3
17 of this act and based on the estimates in section 5 of this act.

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

20 (1) In order to mitigate local sales and use tax revenue losses
21 as the result of the shop local and save sales and use tax holiday
22 authorized in sections 2 and 3 of this act, the state treasurer must
23 transfer mitigation payments from the shop local and save sales and
24 use tax holiday mitigation account to local taxing districts impacted
25 by the shop local and save sales and use tax holiday by December 1,
26 2022. The department shall determine the local taxing districts and
27 mitigation payment amounts under this section.

28 (2) The department must estimate the revenue losses for each
29 impacted local taxing district as the result of the shop local and
30 save sales and use tax holiday authorized under sections 2 and 3 of
31 this act. The department must notify the state treasurer by November
32 18, 2022, of the amount of each mitigation payment that must be
33 transferred from the shop local and save sales and use tax holiday
34 mitigation account to each local taxing district.

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

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

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

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