

SENATE BILL REPORT

SB 5259

As of January 27, 2025

Title: An act relating to creating a sales and use tax exemption for bait purchased for commercial fishing.

Brief Description: Creating a sales and use tax exemption for bait purchased for commercial fishing.

Sponsors: Senators Shewmake, Chapman and Nobles.

Brief History:

Committee Activity: Ways & Means: 1/28/25.

Brief Summary of Bill

- Exempts from sales and use tax bait purchased for commercial fishing.

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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. Some other local government entities and special purpose districts also impose sales and use taxes for specific purposes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Tax Preferences. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

objectives of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

Summary of Bill: Retail sales and use tax does not apply to sales of bait for use in commercial fishing.

The exemption is available only when the buyer provides the seller with an exemption certificate issued by the Department of Revenue (DOR). In order to obtain an exemption certificate, a commercial fishing business must submit an application to DOR. The exemption certificate is effective on the date the application is received by DOR.

Commercial fishing is defined as any business with a fishery license issued by the state and that catches food fish and shellfish for commercial purposes. The term does not include fishing charter companies engaged in the business of providing recreational fishing for a fee.

The retail sales and use tax exemption on sales of bait for use in commercial fishing expires January 1, 2037.

Appropriation: None.

Fiscal Note: Requested on January 14, 2025.

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

Effective Date: The bill takes effect on January 1, 2026.