
Finance Committee

HB 2381

Brief Description: Using the voluntary compliance revenue generated under the streamlined sales and use tax agreement.

Sponsors: Representatives Hunter and Ericks.

Brief Summary of Bill

- Funds the law enforcement officers' and firefighters' retirement system through streamlined sales and use tax voluntary compliance revenue.
- Funds law enforcement and firefighting activities through streamlined sales and use tax voluntary compliance revenue.

Hearing Date: 3/12/07

Staff: Jeff Mitchell (786-7139).

Background:

An effort was started in early 2000, by the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures, and the National Governors Association to simplify and modernize sales and use tax collection and administration nationwide. The effort is known as the Streamlined Sales Tax Project (SSTP).

In 2002, the Legislature adopted the Simplified Sales and Use Tax Administration Act, which authorized the Department of Revenue (DOR) to be a voting member in the SSTP. Many other states have also authorized such participation, and representatives have met to develop an agreement to govern the implementation of the SSTP. This agreement, called the Streamlined Sales and Use Tax Agreement (SSUTA), was adopted by 34 states and Washington, D.C., in November 2002.

Substitute Senate Bill 5089 (2007), signed into law March 22, conforms Washington law with the SSUTA. The bill allows a remote seller (a seller with no physical presence in Washington) to

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register under the SSUTA and begin collecting sales taxes on behalf of member states. Currently, remote sellers are not legally required to collect Washington state sales taxes.

Summary of Bill:

Beginning January 1, 2009, and every calendar quarter thereafter, the State Treasurer is directed to transfer state voluntary compliance revenue, in excess of amounts needed for local government mitigation, to the law enforcement officers' and firefighters' retirement system plan 2 fund, and to local jurisdictions for public safety purposes. The transfer would be divided equally between these two purposes. Money for public safety purposes is apportioned amongst local jurisdictions based on the number of law enforcement officers and firefighters employed within the local jurisdiction as a percentage of the total number of officers and firefighters employed in all local jurisdictions. No more than \$12.5 million for both purposes would be transferred during a calendar quarter.

The streamlined sales and use tax mitigation account is renamed the streamlined sales and use tax mitigation and public safety account.

Appropriation: None.

Fiscal Note: Requested on March 26, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.