
Finance Committee

HB 1329

Brief Description: Creating a sales tax holiday for back-to-school clothing and supplies.

Sponsors: Representatives Moeller, Alexander, Blake, Springer, Seaquist, Clibborn, Nealey, Orcutt, Vick, Kochmar, Warnick, Angel, Fagan, Buys, Smith, Manweller, Dahlquist, Harris, Magendanz, Hawkins, Haler, Pike, Taylor, Shea, Johnson, MacEwen, Santos, Hudgins, Parker, Overstreet, Schmick, Condotta, O'Ban, Morrell and Kristiansen.

Brief Summary of Bill

- Provides a three year sales and use tax exemption for clothing and school supplies.
- Requires the Joint Legislative Audit and Review Committee to do an economic impact study of the exemptions by December 1, 2015.

Hearing Date: 2/4/13

Staff: Dominique Meyers (786-7150).

Background:

All retail sales of tangible personal property, except for specific exemptions provided in statute, are subject to retail sales tax. Use tax is imposed on the privilege of using tangible personal property where sales tax was not collected. The state sales tax rate is 6.5 percent, with local rates ranging from 0.5 - 3.0 percent.

All retail sales of clothing and school supplies are taxable if not purchased for resale.

Summary of Bill:

Retail sales of clothing items that are less than \$100 are exempt from sales tax if purchased during the second adjacent Friday, Saturday or Sunday in the month of August. In addition, school supply items that are less than \$10 are exempt from sales tax if purchased during the same time period.

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

A comparable use tax exemption is allowed for purchases of clothing or school supplies, as long as the clothing or school supplies are not used primarily for business-related activities.

The Joint Legislative Audit and Review Commission must conduct an economic impact report of the sales and use tax exemption for clothing and school supplies. The report is due to the Legislature by December 1, 2015.

This act expires on July 1, 2016.

Appropriation: None.

Fiscal Note: Available.

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