

# HOUSE BILL REPORT

## HB 1485

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**As Reported By House Committee On:**  
Finance

**Title:** An act relating to sales and use tax exemption for volunteer fire departments.

**Brief Description:** Exempting from sales and use tax sales to volunteer fire departments.

**Sponsors:** Representatives Morris, Pennington, Brumsickle, Robertson, Campbell, Mastin, Schoesler, Basich, Chandler, Sheldon, Kremen, Thompson, Costa, McMahan and Quall.

**Brief History:**

**Committee Activity:**

Finance: 1/17/96, 2/5/96 [DPS].

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Boldt, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

**Staff:** Cheri Keller (786-7093).

**Background:** The retail sales tax is imposed on sales of most articles of tangible personal property and some services. The sales tax is paid by the purchaser and collected by the seller. The state sales tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The total state and local rate varies from 7 percent to 8.2 percent, depending on the location.

The use tax is imposed on the use of articles of tangible personal property when the sale of the property was not subject to sales tax. The use tax applies when property is acquired from out of state. It also applies when property is acquired from an in-state person who does not collect sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used.

**Summary of Substitute Bill:** A volunteer fire department that does not provide any remuneration or reimbursement to any commissioner, fire fighter, or staff is exempt from retail sales and use taxes for all of its acquisitions.

**Substitute Bill Compared to Original Bill:** The substitute bill changes the effective date from July 1, 1995 to July 1, 1996.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect July 1, 1996.

**Testimony For:** This bill applies only to those fire districts which are staffed solely by volunteers. These districts are supported by fundraisers like bake sales. Their expenses are increasing as the cost of utilities increase. Taxing the purchases of the volunteer fire department takes away from the amount of money these communities raise by very hard work. Passage of this bill will greatly enhance the services that volunteer fire departments can provide.

**Testimony Against:** None.

**Testified:** Representative Betty Sue Morris, prime sponsor; Judith Orloske, Fire District #7 Cowlitz County; Otto Jensen; Keith McDonald, TCFPD #6; and Roger Ferris, WPCA.