

HOUSE BILL REPORT

HB 2861

As Passed House:

February 6, 1996

Title: An act relating to excise tax exemptions for academic transcripts.

Brief Description: Exempting sales of academic transcripts from B&O, sales, and use taxes.

Sponsors: Representatives Carlson, Mulliken, Jacobsen, Van Luven, Blanton, Benton, Scheuerman, Basich, Goldsmith, Delvin and Quall.

Brief History:

Committee Activity:

Finance: 1/31/96, 2/1/96 [DP].

Floor Activity:

Passed House: 2/6/96, 96-0.

HOUSE COMMITTEE ON FINANCE

Majority Report: 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: Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on gross income from business activities conducted within the state. There are several different B&O tax rates.

The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. Sales tax applies when items are purchased at retail in the state. Sales tax is paid by the purchaser and collected by the seller. Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Summary of Bill: The sale and use of academic transcripts is exempted from the business and occupation tax and the sales and use tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: It just came to the attention of several registrars that transcripts are subject to sales and use tax. Most colleges charge a nominal fee for transcripts and do not collect taxes on the sale of transcripts.

Testimony Against: None.

Testified: Representative Mulliken, sponsor of the bill; and Tom Parker, Washington Friends of Higher Education.