

HOUSE BILL REPORT

EHB 1155

As Passed House:

January 12, 1996

Title: An act relating to compensating sellers for collecting sales tax.

Brief Description: Compensating sellers for collecting sales tax.

Sponsors: Representatives Carrell, Morris, Boldt, Huff, Pennington, Dyer, McMorris, Hymes, B. Thomas, Pelesky, Van Luven, Cooke, Carlson, McMahan, Costa, Chandler, Basich, Johnson, Kessler, Sherstad, Campbell, Quall, Romero, Talcott, Buck, Brumsickle, Scott, Ballasiotes, Benton, Valle, Hatfield, Mason, Grant, Kremen, Chappell, Ebersole, Mielke, Sheahan, Sheldon, Wolfe, Foreman, Horn, L. Thomas, Blanton, Backlund, Hargrove, Dickerson, Crouse, Mulliken, Elliot, Cody, Regala, Mastin, Fuhrman, Mitchell, Hickel, Thompson, Ogden, Dellwo, Clements, Patterson, Schoesler, D. Schmidt, Conway, Skinner and Padden.

Brief History:

Committee Activity:

Finance: 1/31/95, 2/21/95 [DP].

Floor Activity:

Passed House: 3/13/95, 89-7;

Passed House: 1/12/96, 83-9.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

Staff: Rick Peterson (786-7150).

Background: The state retail sales tax applies to the sale to consumers of most goods and many services. The state tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The average local sales tax rate is 1.5 percent. The sales tax is paid by the purchaser and collected by the seller.

Summary of Bill: Businesses are allowed to retain 0.3 percent of the state retail sales tax they collect from consumers as reimbursement for the costs of collecting the

tax. Businesses are exempt from business and occupation tax on the reimbursement for the costs of collecting sales tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Many other states compensate retailers for collecting sales taxes. Washington compensates other types of businesses that are taxed like fishing and cigarette businesses. This bill is especially important for border community retailers that are willing to "eat" Washington state sales tax in order to attract business from places like Oregon which doesn't charge sales tax. It is expensive to keep records on the sales tax.

Testimony Against: None.

Testified: (Pro) Representative Michael Carrell, prime sponsor; Representative Betty Sue Morris, sponsor; Tony Vail, Lakewood Mall and Washington Retail Association; Denis W. Timmerman, Harkness Furniture; Keith N. Charboneau, Ponders Auto Parts; Jan Gee, Washington Retail Association; Kit Hawkins, Olympia Red Robin Restaurant and Washington Restaurant Association; Jack Schwanberg, Northwest Marine Trade Association; Larry Stevens, Washington Automotive Wholesalers Association; and Nancee Wildermuth, Pacific Northwest Ski Areas. Donn Smallwood, Department of Revenue (neutral).