

SENATE BILL REPORT

SHB 2708

As Reported By Senate Committee On:
Ways & Means, March 7, 1996

Title: An act relating to the impact of taxes on warehouse and distribution activity.

Brief Description: Requiring a warehouse tax study.

Sponsors: House Committee on Finance (originally sponsored by Representatives Sheldon, Schoesler, Hatfield, Van Luven, B. Thomas, Silver, D. Schmidt, Cairnes, Cooke and Johnson).

Brief History:

Committee Activity: Ways & Means: 3/7/96 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Kohl, Long, McDonald, Moyer, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: David Schumacher (786-7715)

Background: 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. In addition, local sales taxes apply. The total rate is between 7 percent and 8.2 percent, depending on the location.

Generally, businesses pay sales and use tax on machinery, equipment, and construction of industrial facilities. However, sales and use tax exemptions are available for certain investments. These exemptions do not include buildings and machinery and equipment used in a warehouse facility.

The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. The B&O tax is a multi-stage tax. The B&O tax generally applies at the wholesale and retail levels.

Summary of Amended Bill: The Department of Revenue is required to study the impact of warehouse and distribution activity on the Washington economy.

The department is required to form an advisory study committee that will present a final report to the legislative committees that deal with revenue matters by December 1, 1996.

The study is contingent upon a contribution of \$45,000 towards the study's cost from public and private sources other than the state.

Appropriation: \$45,000.

Fiscal Note: Available

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