

FINAL BILL REPORT

ESHB 1327

FULL VETO

Brief Description: Reimbursing sellers for sales tax collection costs.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Huff, Carrell, Quall, Mulliken, Morris, Linville, Ogden, Dunshee, B. Thomas, Johnson, Conway, Sheldon, Grant, Mastin, D. Schmidt, Robertson, Kessler, Skinner, Boldt, Lisk, Mielke, Dickerson, L. Thomas, O'Brien, Hatfield, Kenney, Gardner, Cooke, Costa, Ballasiotes, Thompson, Koster, Lantz, Mason, Schoesler, Dunn, Alexander and Anderson).

House Committee on Finance
Senate Committee on Ways & Means

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 tax rate is between 7 percent and 8.6 percent, depending on location. Sales tax applies when items are purchased at retail in state. Sales tax is paid by the purchaser and collected by the seller. The seller pays the sales tax to the Department of Revenue. The state does not compensate businesses for administrative costs incurred in collecting sales tax.

Summary: Businesses may retain 1.00 percent of state retail sales tax collected from consumers on the first \$40,000 of retail sales per month. In addition, businesses may retain 0.50 percent of the state retail sales tax collected from consumers on retail sales greater than \$40,000 per month but less than or equal to \$120,000 per month. Businesses may not retain any percentage of tax collected on sales exceeding \$120,000 per month.

Votes on Final Passage:

House 92 5
Senate 31 16 (Senate amended)
House 83 15 (House concurred)