

SENATE BILL REPORT

SB 5080

As of January 28, 1997

Title: An act relating to sales and use tax exemptions for the replacement of property damaged during extreme weather conditions.

Brief Description: Providing sales and use tax exemptions for property damaged during extreme weather conditions.

Sponsors: Senators Kohl, Franklin, Haugen, Hargrove, Fairley, Rasmussen, Bauer, Sheldon, Winsley, Goings, Brown, Patterson and Zarelli.

Brief History:

Committee Activity: Ways & Means: 1/29/97.

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

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. These range from 0.5 percent to 1.7 percent. The total rate is between 7.0 percent and 8.2 percent, depending on the location.

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: A sales and use tax exemption is allowed on labor and services used to repair or replace residential buildings and on certain tangible personal property damaged or destroyed as a result of the weather conditions between December 15, 1996, and January 15, 1997.

Tangible personal property in this case includes sofas, couches, tables, chairs, mattresses, appliances and automobiles.

The Department of Revenue must create an exemption certificate which must be provided to the seller at the time of purchase.

Appropriation: None.

Fiscal Note: Requested on January 14, 1997.

Effective Date: The bill contains an emergency clause and takes effect immediately.

