

SENATE BILL REPORT

SB 6379

As Reported By Senate Committee On:
Ways & Means, February 5, 1998

Title: An act relating to the retail sales tax exemption for sales of laundry service.

Brief Description: Extending the retail sales tax exemption for sales of laundry service.

Sponsors: Senators Anderson, Spanel and Roach.

Brief History:

Committee Activity: Ways & Means: 1/20/98, 2/5/98 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6379 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Kohl, Long, McDonald, Rossi, Schow, Snyder, Spanel, Swecker, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

Background: The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services.

The business and occupation tax (B&O) is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state. There are no deductions for the costs of doing business. Currently, the rate imposed on retail sales is 0.471 percent and on general services is 1.75 percent through June 30, 1998, and 1.5 percent thereafter.

Sales of laundry service by nonprofit hospital associations composed exclusively of nonprofit hospitals to its members is not a retail sale.

Summary of Substitute Bill: Sales of laundry service by any person to nonprofit health care facilities is not a retail sale. As a result of this change, these activities are no longer subject to the retail sales tax, and the B&O tax classification changes from retailing to service.

Substitute Bill Compared to Original Bill: The substitute bill added an effective date.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 1998.

Testimony For: None.

Testimony Against: None.

Testified: No one.