

# SENATE BILL REPORT

## SB 5600

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As of February 17, 1999

**Title:** An act relating to exempting the construction of the state memorial dedicated to World War II veterans from the sales and use tax.

**Brief Description:** Exempting the construction of the state memorial dedicated to World War II veterans from sales and use tax.

**Sponsors:** Senators Benton, Snyder, Oke, Rossi, Kline, Hargrove, Eide, Prentice, T. Sheldon, Sellar, Haugen, Patterson, Fairley, Deccio, Bauer, Loveland, Honeyford, Hochstatter, B. Sheldon, Franklin, West, Stevens, Heavey, Spanel, McDonald, Swecker, Fraser, Kohl-Welles, Winsley, Morton, Brown, Finkbeiner, McAuliffe, Zarelli, Johnson, Hale, Roach and Goings.

**Brief History:**

**Committee Activity:** Ways & Means: 2/16/99.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** The state sales tax is imposed on each retail sale of most articles of tangible personal property and certain services and is applied to the selling price of the article or service. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms. The state sales tax rate is 6.5 percent.

Local governments may also impose sales and use taxes. The total state and local sales tax rate imposed is between 7 percent and 8.6 percent, depending on the location.

Major items exempt from tax include food for human consumption, prescription drugs and lenses, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

**Summary of Substitute Bill:** A sales and use tax exemption is provided for labor and services rendered and tangible personal property that becomes an ingredient or component of a World War II memorial on the state capitol grounds during the course of constructing, repairing, decorating, or improving the memorial.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This is the last push to finish the project. Over \$400,000 has been raised in private contributions. An emergency clause is necessary because the project is scheduled to be completed and dedicated by the end of May 1999.

**Testimony Against:** None.

**Testified:** PRO: Don Benton, prime sponsor.