

# FINAL BILL REPORT

## HB 1018

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Synopsis as Enacted

**Brief Description:** Providing tax relief for disasters.

**Sponsors:** Representatives Pennington, Mielke, Pearson and Alexander.

**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. Charges for labor and services rendered to construct, repair, raze, or move buildings or structures are subject to sales tax. The state tax rate is 6.5 percent. Local governments may impose local sales and use taxes for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent.

On October 16, 1998, President Clinton declared a federal disaster area in regard to a landslide occurring in the city of Kelso. According to Federal Emergency Management Office documents, the landslide is expected to ultimately destroy or make unlivable 137 homes.

Chapter 311, Laws of 1999 provided sales tax relief on labor and service charges associated with moving or demolishing houses or removing debris from a federal landslide disaster area; the act expired July 1, 2000. At the time that the act expired, a vast majority of the houses in the landslide area in Kelso had not yet been moved or demolished. As of January 16, 2001, the city of Kelso planned to move or demolish a remaining total of 99 houses, to be completed by the latter part of calendar year 2001.

**Summary:**

Labor and service charges associated with the following activities are exempt from sales tax:

- moving houses out of a federal landslide disaster area;
- demolishing houses located in a federal landslide disaster area; and
- removing debris from a federal landslide disaster area.

These sales tax exemptions expire on July 1, 2003.

**Votes on Final Passage:**

House 98 0

Senate 47 0

**Effective:** April 27, 2001