

Finance Committee

HB 2246

Brief Description: *Providing a sales and use tax exemption for the repair of historic buildings.*

Sponsors: *Representatives Romero, Hunt, Dickerson, DeBolt and Alexander.*

Brief Summary of Bill

- *Creates sales and use tax exemptions for replacement or repair of historical buildings that were damaged in the recent earthquake.*

Hearing Date: *5/10/01*

Staff: *Bob Longman (786-7139).*

Background:

Sales tax is imposed on retail sales of most items of tangible personal property and some services, including construction and repair services. Use tax is imposed on the use of an item in Washington when the acquisition of the item has not been subject to sales tax, such as items acquired from out-of-state and items produced by the person using the item. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.8 percent, depending on location.

Summary of Bill:

Sales and use tax exemptions are created for replacement or repair of buildings on a historical register that were damaged in the earthquake on February 28, 2001. A person claiming a sales tax exemption for this purpose must pay the tax and then apply to the department of revenue for a remittance of the tax paid.

The exemptions apply to items that became a component of an historic building during the repair of damage caused by the earthquake, as well as labor and services rendered for repairing the damage. The exemptions apply only to historical buildings for which the

taxpayer received federal disaster assistance related to the earthquake. The taxpayer must provide proof of this assistance when applying for exemption.

These exemptions expire July 1, 2003.

Appropriation: *None.*

Fiscal Note: *Available.*

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