

# SENATE BILL REPORT

## SB 5036

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 1, 2001

**Title:** An act relating to a temporary exemption for clothing and footwear from sales and use taxes.

**Brief Description:** Providing a temporary tax exemption for clothing and footwear.

**Sponsors:** Senators Franklin, Winsley, Prentice, Patterson and Costa.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 1/23/01, 2/1/01 [DPS].  
Ways & Means: 2/28/01.

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5036 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Benton, Deccio, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

**Staff:** Elizabeth Mitchell (786-7430)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** David Schumacher (786-7474)

**Background:** The sales tax is paid 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 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.

Major items exempt from tax include food for human consumption, prescription drugs, 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.

Sales tax holidays have recently been enacted in several states. The exemptions usually apply to clothing and footwear, and are in effect for one week during the year of enactment.

**Summary of Substitute Bill:** For the period August 19, 2001, through August 25, 2001, clothing and footwear for human use under \$85 per item is exempt from sales and use tax.

The exemption includes fabric, thread, yarn, buttons, snaps, hooks, zippers, and other items used to make or repair exempt clothing if the item becomes a physical component of the clothing. Excluded are costumes or rented formal wear, jewelry, athletic equipment not suitable for general use, and protective devices such as motorcycle helmets.

The department may adopt rules to implement the bill.

**Substitute Bill Compared to Original Bill:** The per-item limit of the exemption is changed to \$85, and the definition of athletic equipment is clarified.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Tax holidays for clothing have been enacted in several states and are good for business, consumers and government.

**Testimony Against:** None.

**Testified:** Jan Teague and Jan Gee, Washington Retail Association.