

SENATE BILL REPORT

SJM 8008

As Passed Senate, March 13, 2001

Brief Description: Requesting a joint Oregon-Washington committee on taxation be established.

Sponsors: Senators Benton and Carlson.

Brief History:

Committee Activity: Ways & Means: 3/5/01, 3/8/01 [DP].

Passed Senate: 3/13/01, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, Sheahan, B. Sheldon, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

Background: The state of Washington imposes a sales tax but no income tax. Washington exempts Oregon residents who purchase goods in Washington from sales tax.

The state of Oregon imposes an income tax but no sales tax. Oregon's income tax applies to the income of residents from all sources, both within Oregon and without. Oregon also taxes nonresidents on income from Oregon sources. For the 1998 tax year, Washington residents filed 79,461 Oregon income tax returns and paid an average of \$1,655 in Oregon personal income tax. Washington residents paid a total of \$130 million in Oregon personal income tax. This represented 3.8 percent of all Oregon personal income taxes.

Summary of Bill: A request is made to the Governor and Legislature of the state of Oregon to establish a joint committee on taxation, consisting of an equal number of legislators from both states, to study the issue of tax fairness for residents residing in one state who are employed, conduct business, or make purchases in the other state.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: 79,000 Washington residents commute to Oregon to work. Oregon taxes Washington residents working in Oregon and Oregon residents working in Washington. Oregon residents pay no sales tax to Washington. Washington residents pay \$131 million in income taxes to Oregon each year but receive no services. Oregon refuses to give Washington residents any tax relief. This issue is important to southwest Washington.

Testimony Against: None.

Testified: Senator Benton, prime sponsor.