

SENATE BILL REPORT

SB 6375

As Passed Senate, February 28, 2008

Title: An act relating to providing a sales tax exemption for trail grooming on private and state-owned land.

Brief Description: Providing a sales tax exemption for certain trail grooming services.

Sponsors: Senators Hatfield, Schoesler, Carrell, Holmquist, Parlette and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/4/08, 2/27/08 [DP].

Passed Senate: 2/28/08, 47-1.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. The combined state and local rate varies from 7 to 8.9 percent.

Included in the retail sales tax base are charges made for clearing land and moving earth, except where land is leveled for the purpose of farming. This includes snow compacting, snow redistribution, and snow removal, on state-owned or privately-owned trails.

The Parks and Recreation Commission (Commission) has managed a winter recreation program since 1975 called Sno-Park. The Commission provides cleared parking areas in close proximity to groomed and backcountry trails on public and private lands. The Commission contracts with vendors to provide the trail grooming services, in which the vendor maintains and arranges the snow cover on the trails to facilitate the type of designated winter recreation for the trail.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: Trail grooming services provided to Washington and nonprofit corporations are exempted from sales tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: We learned several years ago that we had to pay sales tax on these services. It is difficult for providers to calculate and collect this tax. One trail grooming service can cover private, county, state, and federal lands. This makes it very difficult to calculate the correct sales tax. This year, Washington has had a lot of snow. As a result, we will run out of money to support the Sno-Park program even earlier than normal. User groups pay to support these services. Washington should not tax these services. Instead, it should encourage this program by allowing the amounts that would go to pay the sales tax to be reinvested into trail grooming.

Persons Testifying: PRO: Senator Hatfield, prime sponsor; Fed Wemer, Washington State Snowmobile Association.