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SENATE BILL 5937

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State of Washington

62nd Legislature

2011 Regular Session

By Senator Shin

Read first time 04/14/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to a temporary sales and use tax rate increase to  
2 provide funding for essential government services; amending RCW  
3 82.08.020; reenacting and amending RCW 82.08.064; creating a new  
4 section; providing an effective date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the economic  
7 crisis has impacted the many Washington families which do not earn  
8 enough annually to keep pace with increasing health care, child care,  
9 and work-related expenses. The legislature further finds that revenues  
10 are insufficient to maintain necessary funding for education, public  
11 safety, health care, and safety net services for elderly, disabled, and  
12 vulnerable people during the unprecedented economic crisis in the 2011-  
13 2013 fiscal biennium. Therefore, it is the intent of the legislature  
14 to provide a means to stabilize revenue collections by imposing a  
15 temporary sales and use tax. It is also the legislature's intent to  
16 provide relief to lower-income working families in Washington in the  
17 form of a sales and use tax exemption.

1           **Sec. 2.** RCW 82.08.020 and 2010 c 106 s 212 are each amended to  
2 read as follows:

3           (1) There is levied and collected a tax equal to six and five-  
4 tenths percent of the selling price on each retail sale in this state  
5 of:

6           (a) Tangible personal property, unless the sale is specifically  
7 excluded from the RCW 82.04.050 definition of retail sale;

8           (b) Digital goods, digital codes, and digital automated services,  
9 if the sale is included within the RCW 82.04.050 definition of retail  
10 sale;

11           (c) Services, other than digital automated services, included  
12 within the RCW 82.04.050 definition of retail sale;

13           (d) Extended warranties to consumers; and

14           (e) Anything else, the sale of which is included within the RCW  
15 82.04.050 definition of retail sale.

16           (2) There is levied and collected an additional tax on each retail  
17 car rental, regardless of whether the vehicle is licensed in this  
18 state, equal to five and nine-tenths percent of the selling price. The  
19 revenue collected under this subsection must be deposited in the  
20 multimodal transportation account created in RCW 47.66.070.

21           (3) Beginning July 1, 2003, there is levied and collected an  
22 additional tax of three-tenths of one percent of the selling price on  
23 each retail sale of a motor vehicle in this state, other than retail  
24 car rentals taxed under subsection (2) of this section. The revenue  
25 collected under this subsection must be deposited in the multimodal  
26 transportation account created in RCW 47.66.070.

27           (4) For purposes of subsection (3) of this section, "motor vehicle"  
28 has the meaning provided in RCW 46.04.320, but does not include farm  
29 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,  
30 off-road and nonhighway vehicles as defined in RCW (~~46.09.020~~)  
31 46.09.310, and snowmobiles as defined in RCW (~~46.10.010~~) 46.10.300.

32           (5)(a) From June 1, 2011, until June 30, 2013, subject to (b) of  
33 this subsection (5), in addition to the tax imposed upon each retail  
34 sale under subsection (1) of this section, there is imposed a tax in an  
35 amount equal to one percent of the selling price.

36           (b)(i) If the state's unemployment rate decreases to six and five-  
37 tenths percent for four continuous months, the rate of one percent  
38 under (a) of this subsection (5) is reduced to one-half of one percent.

1        (ii) If the state's unemployment rate decreases to five percent for  
2 four continuous months, no additional tax may be imposed under (a) of  
3 this subsection (5).

4        (6) Beginning on December 8, 2005, 0.16 percent of the taxes  
5 collected under subsection (1) of this section must be dedicated to  
6 funding comprehensive performance audits required under RCW 43.09.470.  
7 The revenue identified in this subsection must be deposited in the  
8 performance audits of government account created in RCW 43.09.475.

9        ~~((+6))~~ (7) The taxes imposed under this chapter apply to  
10 successive retail sales of the same property.

11        ~~((+7))~~ (8) The rates provided in this section apply to taxes  
12 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

13        **Sec. 3.** RCW 82.08.064 and 2003 c 361 s 304 and 2003 c 168 s 205  
14 are each reenacted and amended to read as follows:

15        (1) A sales and use tax rate change under this chapter or chapter  
16 82.12 RCW ~~((shall be))~~ is imposed (a) no sooner than seventy-five days  
17 after its enactment into law and (b) only on the first day of January,  
18 April, July, or October.

19        (2) Subsection (1) of this section does not apply to the tax rate  
20 change in section 301, chapter 361, Laws of 2003 or section 2 of this  
21 act.

22        (3)(a) A sales and use tax rate increase under this chapter or  
23 chapter 82.12 RCW imposed on services applies to the first billing  
24 period starting on or after the effective date of the increase.

25        (b) A sales and use tax rate decrease under this chapter or chapter  
26 82.12 RCW imposed on services applies to bills rendered on or after the  
27 effective date of the decrease.

28        (c) For the purposes of this subsection (3), "services" means  
29 retail services such as installing and constructing and retail services  
30 such as telecommunications, but does not include services such as  
31 tattooing.

32        NEW SECTION.    **Sec. 4.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of the  
34 state government and its existing public institutions, and takes effect

1 June 1, 2011.

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