

# SENATE BILL REPORT

## SB 5529

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As of February 13, 2013

**Title:** An act relating to creating a sales tax holiday for back-to-school clothing and supplies.

**Brief Description:** Creating a sales tax holiday for back-to-school clothing and supplies.

**Sponsors:** Senators Rivers, Harper, Benton, Cleveland, Hobbs, Padden, Holmquist Newbry, Kohl-Welles, Shin and McAuliffe.

**Brief History:**

**Committee Activity:** Trade & Economic Development: 2/14/13.

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### SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Staff:** Edward Redmond (786-7471)

**Background:** Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales taxes are levied by the state, counties, and cities, and total rates vary from 7 to 10 percent. The use tax is paid directly to the Department of Revenue.

**Summary of Bill:** A back-to-school sales tax holiday is created. The tax holiday is for clothing items with a value of less than \$100 each and for school supplies with a value of less than \$10 each. Clothing item is defined as human wearing apparel typically worn by elementary, secondary, or postsecondary students in the classroom or for school-related activities. School supply item is defined as an item commonly used by a student in a course of study.

The back-to-school sales tax holiday applies to purchases on the second adjacent Friday, Saturday, and Sunday of August each year. A seller is not obligated to collect the sales tax for such purchases and is exempt from the equivalent use tax attributed to such sales.

The Joint Audit and Review Committee must conduct an economic impact study of the sales tax holiday to the fiscal committees of the Legislature by December 1, 2015. The study must evaluate the direct, indirect, and induced economic impacts of the exemption and their impact on the state general fund tax revenues.

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*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.*

The back-to-school sales tax holiday expires July 1, 2016.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on August 1, 2013.