

# SENATE BILL REPORT

## HB 2565

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As Reported by Senate Committee On:  
Ways & Means, February 29, 2016

**Title:** An act relating to reducing the frequency of local sales and use tax changes.

**Brief Description:** Reducing the frequency of local sales and use tax changes.

**Sponsors:** Representatives Vick, Reykdal, Orcutt, Wilson, Springer, Robinson, Nealey, Wilcox, Manweller, Stokesbary, Condotta, Pike, Haler, Frame, Hargrove and Muri.

**Brief History:** Passed House: 2/16/16, 97-0.

**Committee Activity:** Ways & Means: 2/23/16, 2/29/16 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hasegawa, Hewitt, Nelson, O'Ban, Padden, Parlette, Pedersen, Rolfes, Schoesler and Warnick.

**Staff:** Dean Carlson (786-7305)

**Background:** Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Local Sales Tax Changes. In general, local sales and use tax changes can take effect no sooner than 75 days after the Department of Revenue (DOR) receives notice of the change and only on the first day of January, April, July, or October.

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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.*

**Summary of Bill:** Local sales and use tax changes can only be made on the first day of January, April, or July. The DOR must still receive notice 75 days prior to the change.

**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: This is really a business simplification tool. Reduces the amount of times that local sales tax rates can change from four to three times per year . This is a small step forward to make things easier on small business. This is a small but important step to alleviate some burden on business. Our business reports to 102 local jurisdictions. Our software system requires that every employee leaves the software during updates which can take 3-6 hours. So it disrupts the business when we make these changes. There are few changes each quarter, but this bill takes us a baby step forward to make things less complicated.

**Persons Testifying:** PRO: Representative Vick, Prime Sponsor; Mark Johnson, Washington Retail Association; Judy Covert, AWB, and Printcominc; Eric Lohnes, Association of Washington Business.

**Persons Signed In To Testify But Not Testifying:** No one.