

SENATE BILL REPORT

SB 5799

As of April 3, 2017

Title: An act relating to removing the expiration date from the sales and use tax exemptions for certain products that impart flavor to food.

Brief Description: Removing the expiration date from the sales and use tax exemptions for certain products that impart flavor to food.

Sponsors: Senators Ranker, Braun and Keiser.

Brief History:

Committee Activity: Ways & Means: 3/30/17.

Brief Summary of Bill

- Extends the sales and use tax exemption for products sold to restaurants that impart flavor to food during the cooking process until January 1, 2028.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Carrie Graf (786-7708)

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 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.

Sales and Use Tax Exemption for Products that Impart Flavor to Food. A sales and use tax exemption is provided for products sold to restaurants that impart flavor to food during the cooking process. The product must:

- be completely or substantially consumed during the cooking process, which includes items such as wood chips, charcoal, briquettes, and grapevines; or

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- support the food during the cooking process and be entirely comprised of wood, such as grilling planks.

The exemption does not apply to any type of gas fuel. The exemption expires on July 1, 2017.

Summary of Bill: The sales and use tax exemption for products sold to restaurants that impart flavor to food during the cooking process is extended until January 1, 2028.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on July 1, 2017.

Staff Summary of Public Testimony: PRO: These products are exempt as an agreement between the restaurant industry and the Department of Revenue to avoid costly litigation. This bill is tremendously impactful for our small restaurants.

Persons Testifying: PRO: Morgan Hickel, Washington Hospitality Association.

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