
HOUSE BILL 1559

State of Washington 66th Legislature 2019 Regular Session

By Representatives MacEwen, Pettigrew, Shea, Reeves, and Jinkins

Read first time 01/24/19. Referred to Committee on Finance.

1 AN ACT Relating to creating a sales tax holiday for back-to-
2 school clothing and supplies; amending RCW 82.12.040; adding a new
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12
4 RCW; creating new sections; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington
7 families pay thousands of dollars in sales and use tax on their
8 purchases of clothing and school supplies in August before the school
9 year begins. The legislature further finds that a recent study has
10 shown that temporarily exempting some of these purchases from sales
11 and use tax would give Washington families a needed tax break and
12 increase sales, which in turn would generate new jobs and more state
13 and local tax revenue. Therefore, it is the legislature's intent to
14 create a "back-to-school" sales tax holiday.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
16 RCW to read as follows:

17 (1) Subject to the conditions and limitations provided in this
18 section, the tax levied by RCW 82.08.020 does not apply to the sale
19 of the following tangible personal property: (a) Clothing items; and
20 (b) school supply items.

1 (2) (a) A clothing item is exempt under this section if the sales
2 price of the item is less than one hundred dollars.

3 (b) A school supply item is exempt under this section if the
4 sales price of the item is less than ten dollars.

5 (3) The exemption authorized in this section only applies to
6 purchases made on the second adjacent Friday, Saturday, and Sunday of
7 August of each year.

8 (4) Rules adopted by the department for the administration of
9 this section must be substantially consistent with the streamlined
10 sales and use tax agreement, as that term is used in chapter 82.58
11 RCW.

12 (5) The definitions in this subsection apply throughout this
13 section unless the context clearly requires otherwise.

14 (a) "Clothing item" means human wearing apparel suitable for
15 general use.

16 (b) "School supply item" means an item commonly used by a student
17 in a course of study.

18 (6) This section expires January 1, 2030.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
20 RCW to read as follows:

21 (1) The provisions of this chapter do not apply to the use of the
22 following tangible personal property: (a) Clothing items that are not
23 used primarily for business-related activities; and (b) school supply
24 items that are not used primarily for business-related activities.

25 (2) The definitions, conditions, and limitations in section 2 of
26 this act apply to this section.

27 (3) For the purposes of this section, "business" has the meaning
28 provided in RCW 82.04.140 and also includes activities engaged in by
29 a common school, school district, or educational service district.

30 (4) This section expires January 1, 2030.

31 **Sec. 4.** RCW 82.12.040 and 2017 3rd sp.s. c 28 s 213 are each
32 amended to read as follows:

33 (1) Every person who is subject to a collection obligation under
34 chapter 82.08 RCW, except a person making a valid election to comply
35 with the notice and reporting provisions of RCW 82.13.020, must
36 obtain from the department a certificate of registration, and must,
37 at the time of making sales of tangible personal property, digital
38 goods, digital codes, digital automated services, extended

1 warranties, or sales of any service defined as a retail sale in RCW
2 82.04.050 (2) (a) or (g) or (6)(c), or making transfers of either
3 possession or title, or both, of tangible personal property for use
4 in this state, collect from the purchasers or transferees the tax
5 imposed under this chapter. The tax to be collected under this
6 section must be in an amount equal to the purchase price multiplied
7 by the rate in effect for the retail sales tax under RCW 82.08.020.

8 (2) Every person who engages in this state in the business of
9 acting as an independent selling agent for persons who do not hold a
10 valid certificate of registration, and who receives compensation by
11 reason of sales of tangible personal property, digital goods, digital
12 codes, digital automated services, extended warranties, or sales of
13 any service defined as a retail sale in RCW 82.04.050 (2) (a) or (g)
14 or (6)(c), of his or her principals for use in this state, must, at
15 the time such sales are made, collect from the purchasers the tax
16 imposed on the purchase price under this chapter, and for that
17 purpose is deemed a retailer as defined in this chapter.

18 (3) The tax required to be collected by this chapter is deemed to
19 be held in trust by the retailer until paid to the department, and
20 any retailer who appropriates or converts the tax collected to the
21 retailer's own use or to any use other than the payment of the tax
22 provided herein to the extent that the money required to be collected
23 is not available for payment on the due date as prescribed is guilty
24 of a misdemeanor. In case any seller fails to collect the tax herein
25 imposed or having collected the tax, fails to pay the same to the
26 department in the manner prescribed, whether such failure is the
27 result of the seller's own acts or the result of acts or conditions
28 beyond the seller's control, the seller is nevertheless personally
29 liable to the state for the amount of such tax, unless the seller has
30 taken from the buyer a copy of a direct pay permit issued under RCW
31 82.32.087.

32 (4) Any retailer who refunds, remits, or rebates to a purchaser,
33 or transferee, either directly or indirectly, and by whatever means,
34 all or any part of the tax levied by this chapter is guilty of a
35 misdemeanor.

36 (5) Notwithstanding subsections (1) through (4) of this section,
37 any person making sales is not obligated to collect the tax imposed
38 by this chapter if the person would have been obligated to collect
39 retail sales tax on the sale absent a specific exemption provided in
40 chapter 82.08 RCW, and there is no corresponding use tax exemption in

1 this chapter. Nothing in this subsection (5) may be construed as
2 relieving purchasers from liability for reporting and remitting the
3 tax due under this chapter directly to the department.

4 (6) Notwithstanding subsections (1) through (4) of this section,
5 any person making sales is not obligated to collect the tax imposed
6 by this chapter if the state is prohibited under the Constitution or
7 laws of the United States from requiring the person to collect the
8 tax imposed by this chapter.

9 (7) Notwithstanding subsections (1) through (4) of this section,
10 any licensed dealer facilitating a firearm sale or transfer between
11 two unlicensed persons by conducting background checks under chapter
12 9.41 RCW is not obligated to collect the tax imposed by this chapter.

13 (8) Notwithstanding subsections (1) through (4) of this section,
14 a seller is not obligated to collect the tax imposed by this chapter
15 if the product is exempt from retail sales tax under section 2 of
16 this act, but is not exempt from use tax under section 3 of this act.

17 NEW SECTION. **Sec. 5.** The provisions of RCW 82.32.808 do not
18 apply to this act.

19 NEW SECTION. **Sec. 6.** Section 1 of this act expires January 1,
20 2030.

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