

HOUSE BILL REPORT

HB 2281

As Passed House
February 15, 1994

Title: An act relating to a sales and use tax exemption for used books.

Brief Description: Providing a sales and use tax exemption for used books sold by nonprofit organizations for the support of libraries.

Sponsors: Representatives Holm, Sheldon, Moak, Foreman, Wolfe, J. Kohl, Carlson, Ogden, Karahalios, Kessler, Kremen and Anderson.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1994, DP;
Passed House, February 15, 1994, 85-12.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 11 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Caver; Leonard; Romero; Talcott and Van Luvan.

Minority Report: Do not pass. Signed by 4 members: Representatives Cothorn; Rust; Thibaudeau and Wang.

Staff: Bob Longman (786-7139).

Background: The state retail sales tax applies to the sale to consumers of most goods and many services. The state tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The average local sales tax rate is 1.5 percent. Sales tax is paid by the purchaser and collected by the seller. The use tax is paid by the buyer on the use of articles of tangible personal property when the sale or acquisition of the property has not been subject to sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Washington law does not provide a general exemption from the retail sales or use taxes for nonprofit organizations or government agencies. Most sales and use tax exemptions are

for specific items, such as food for home consumption and prescription drugs. Nonprofit organizations generally collect sales tax from purchasers when selling goods and services subject to sales tax and pay sales or use tax when buying goods and services. A few exemptions exist for nonprofit organizations: sales of amusement and recreation services by nonprofit youth organizations, sales to the Red Cross, sales of art objects to nonprofit artistic and cultural organizations, and fund raising auction sales by public benefit nonprofit organizations.

Summary of Bill: Sales of used books by nonprofit organizations are exempt from sales and use taxes if substantially all of the net proceeds from the sales are used to support libraries.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Money raised by used book sales support volunteers that make deliveries to the blind and the homebound. The money also supports new book purchases for the library.

Testimony Against: None.

Witnesses: Alice W. Harris, Friend of the Library; and Dorothy O'Loughlin, Thurston County Outreach for Timberland Library.