

February 17, 1997

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development

FROM: Kenny Pittman, Research Analyst (786-7392)

RE: **HB 1813 - Regulating sales and use tax exemptions for motion picture and video production equipment and services.**

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**BACKGROUND:**

The state of Washington's tax structure includes a retail sales and use tax. A retail sales tax is imposed on the sale of most item of tangible personal property and some services purchased at retail. The state also imposes a use tax on items used in the state, where the acquisition was not subject to the retail sales tax. The include purchases made in other state, purchases where the seller does not collect sales tax, and items produced for use by the producer.

The state's retail sales and use tax is based on 6.5 percent of the selling price. Local governments may also impose an additional sales and use tax up to 1.7 percent of the selling price. The combined state and local retail sales and use tax rate currently ranges from 7 percent to 8.2 percent.

In 1995, the Legislature exempted the rental of production equipment or the sales of production services to a motion picture or video production business from state and local sales and use taxes. This exemption included, but was not limited to cameras, lighting equipment, helicopters rented for movie or video production, vans, and trucks specifically equipped for movie and video production.

**SUMMARY:**

The sales and use tax exemption on production equipment rented to motion picture or video production businesses is expanded to include other vehicles used solely for production activities. Administrative changes are made regarding the use of an exemption

certificate for individual purchase or an annual summary listing of exempt uses of equipment.

Appropriation: None.

Fiscal Note: Requested February 11, 1997.

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