

***Finance Committee***

***HB 1329***

***Brief Description:*** *Exempting food products sold through vending machines from sales and use taxation.*

***Sponsors:*** *Representatives Cairnes, Morris, Santos, Pennington, Reardon, Linville, Van Luven, Cooper, Roach and Morell.*

***Brief Summary of Bill***

- Food products for human consumption sold in vending machines are exempt from retail sales and use taxes.*

***Hearing Date:*** 2/8/01

***Staff:*** *Mark Matteson (786-7145).*

***Background:***

*The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax at a rate up to a maximum of 3.1 percent; currently, local rates levied range from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller.*

*The use tax is imposed on items used in the state that were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue. An exemption from the retail sales and use taxes is provided to food products for human consumption, generally. Food products include things like cereals, meat, fish, eggs, fresh produce, milk, and juices, and associated products. Food products do not include over-the-counter medicines and dietary supplements, and so sales and use taxes apply to these categories of consumables. Sales and use taxes also apply to food products for human consumption in certain cases, such as when the food products are wrapped and sold for immediate consumption at locations that offer food to go- or for take out, or when food*

*products are sold for consumption at a place where admission is charged, such as at a sports arena. Vending machine sales of food products for human consumption are also taxable. The retail sales and use taxes apply to 57 percent of the gross revenues derived from the sale of the food product. For vending machine sales, the requirements that the seller collect the tax from the buyer, and that the amount of tax be itemized separately, is waived.*

***Summary of Bill:***

*Food products sold in vending machines are exempt from the retail sales and use taxes, generally. Exempted items include the same food product items that are exempted from retail sales and use taxes in general.*

*Unlike other food products that are wrapped and sold for immediate consumption at to go- or take-out locations, however, sales of vending machine food products at such locations would be exempt from retail sales and use taxes. Sales of vending machine food products that occur at a place where admission is charged would also be exempt from sales and use taxes.*

***Appropriation:*** None.

***Fiscal Note:*** Available.

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