

# SENATE BILL REPORT

## SB 5799

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As Reported by Senate Committee On:  
Ways & Means, 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, 4/03/17 [DPS, DNP, w/oRec].

**Brief Summary of Substitute 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.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5799 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Bailey, Becker, Conway, Fain, Keiser, Miloscia, Padden, Rivers, Schoesler, Warnick and Zeiger.

**Minority Report:** Do not pass.

Signed by Senators Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Carlyle, Darneille, Hasegawa and Pedersen.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Billig.

**Staff:** Carrie Graf (786-7708)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**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
- 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 (First Substitute):** 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.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):**

- Fixes the title of the bill to state that the expiration date is being extended, not removed.

**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 on Original Bill:** *The committee recommended a different version of the bill than what was heard.* 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.