
Finance Committee

HB 1115

Brief Description: Creating a sales and use tax exemption for commercial car wash facilities.

Sponsors: Representatives Fitzgibbon, Barkis and Ryu.

Brief Summary of Bill

- Creates a sales and use tax exemption for commercial car wash facilities

Hearing Date: 1/22/19

Staff: Richelle Geiger (786-7139).

Background:

Retail 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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities 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 3.9 percent, depending on the location.

Tax Preferences.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Currently, Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a Tax Preference Performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

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.

Summary of Bill:

Charges of labor and services render in respect to staffed and self-service commercial car wash facilities are exempt from retail sales and use tax.

The bill contains a tax preference performance statement. The specific public policy objectives of the tax preference are to encourage the public to use staffed and self-service commercial car wash facilities and increase industry competitiveness in order to reduce untreated runoff and pollution, create and retain jobs, and promote water and environmental quality. The JLARC is directed to evaluate the tax preference and may refer to data provided by the Department of Revenue.

The bill is exempt from the 10 year expiration date requirement for new tax preferences.

Appropriation: None.

Fiscal Note: Requested on 1/16/2019.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.