

HOUSE BILL REPORT

ESSB 5147

As of Second Reading

Title: An act relating to providing tax relief to females by exempting feminine hygiene products from retail sales and use tax.

Brief Description: Providing tax relief by exempting menstrual products from retail sales and use tax.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Wilson, L., Brown, Carlyle, Conway, Darneille, Palumbo, Keiser, Mullet, O'Ban, Short, Wagoner and Warnick).

Brief History:

Committee Activity:

None.

<p>Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Exempts feminine hygiene products permanently from sales and use tax.
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Staff: Tracey O'Brien (786-7152).

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 Preference Performance Statement.

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

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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 (TPPS) 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.

Summary of Bill:

Feminine hygiene products are permanently exemption from sales and use tax. Feminine hygiene products is defined as sanitary napkins, tampons, menstrual cups, and any other similar products sold at retail designed specifically to catch menstrual flow either internally or externally.

The TPPS provides that it is the legislature's specific public policy objective to authorize a permanent sales and use tax exemption for feminine hygiene products to reduce the tax burden on females for a product that is fundamental to personal hygiene and health. The JLARC is not required to include this tax preference its normal review process of tax preferences; however, the Department of Revenue must include the preference in its tax exemption report.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2020.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.