

SENATE BILL REPORT

SB 5242

AS OF FEBRUARY 26, 1991

Brief Description: Providing tax credit for persons who collect sales and use tax.

SPONSORS: Senators Anderson, Owen, L. Smith, Moore, Johnson, Bauer, Matson, Williams, McCaslin and Amondson.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates: February 26, 1991

BACKGROUND:

State and local governments impose taxes on the retail sale and use of tangible personal property and selected services. The taxes are imposed on the buyer or user and are collected by the seller. Taxes are held in trust by the seller until paid to the Department of Revenue for distribution. No compensation is made to the seller for collecting the taxes for the state and local governments or for complying with tax reporting requirements.

SUMMARY:

Compensation is authorized for persons collecting state and local retail sales and use taxes in an amount equal to 3-1/2 percent of the taxes collected.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect July 1, 1991.

TESTIMONY FOR:

There are substantial costs to business in collecting and reporting the tax. Most states reimburse retailers for collection the tax. The Department of Revenue retains up to 2 percent of the local tax for collecting the tax for local government.

TESTIMONY AGAINST: None

TESTIFIED: Carl Nelson, Washington Retail Association (pro); H. Duwain McBride, McBride's Hallmark (pro); John Knox, BJ's

Paint N Place (pro); Jim Willers, Rucker's Flowers (pro);
Bruce Dehahn, K-Mart (pro); Kathleen Durkan & Pam Walker,
Southland Corp (pro); John McHugh, Schoenfeld Furniture (pro)