

# HOUSE BILL REPORT

## HB 3133

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**As Passed House:**

February 17, 2004

**Title:** An act relating to promoters duties with respect to vendor tax registration.

**Brief Description:** Modifying promoters requirements for vendor tax registration.

**Sponsors:** By Representatives Fromhold, Orcutt, Kessler, Hatfield, Grant and Newhouse.

**Brief History:**

**Committee Activity:**

Finance: 2/9/04, 2/10/04 [DP].

**Floor Activity:**

Passed House: 2/17/04, 84-0.

**Brief Summary of Bill**

- Relieves a special event promoter from liability for penalties if the promoter makes a good faith attempt to verify vendor registration.
- Requires promoters to preserve taxpayer registration records for one year.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

**Staff:** Bob Longman (786-7139).

**Background:**

A business that makes sales at retail is required to register with the Department of Revenue (DOR) and collect retail sales tax. This includes persons who sell from booths or other temporary locations at events such as auto shows, garden shows, flea markets, and fairs.

In 2003, new requirements were enacted for promoters of special events. A promoter must verify that all vendors at the event are registered with the DOR. Special events that

charge vendors less than \$200 to participate, charitable events, and on-going athletic contests are exempted from the verification requirement. A promoter who only provides a venue for an event, without organizing, operating, or sponsoring the event, is exempt from the verification requirement. A promoter who is not exempt must keep records about the date and location of the event and the vendors at the event, and provide this information to the DOR on request. A promoter who fails to meet these requirements is subject to penalties of \$100 for each failure to verify that a vendor has obtained a certificate of registration from the DOR, \$100 for each vendor from whom the promoter fails to collect required information; and \$250 if the information is not received by the DOR within 20 days of the request. Total penalties cannot exceed \$2,500 per event, for first-time violations.

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**Summary of Bill:**

A special event promoter who makes a good faith attempt to verify vendor registration has complied is not liable for penalties if the vendor is not registered. The record of the date and place of a special event, and the name, address, and registration certificate number of each vendor at the event shall be preserved for one year.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Fairs make every effort to have vendors registered months in advance, but sometimes there are last minute changes and substitutions of vendors which can lead to problems. The fair association worked with the DOR to craft a solution that recognizes good faith efforts to comply.

Although chiropractic continuing education programs don't seem like the sort of special event we are talking about, they are covered by the requirements. Some participants are from foreign countries and we cannot guarantee they have registered with the state. We will make great efforts to help them comply but we should not be penalized if they don't comply.

**Testimony Against:** None.

**Persons Testifying:** (In support) Representative Fromhold, prime sponsor; and Lori Birhrishi, Washington State Chiropractic Association.

**Persons Signed In To Testify But Not Testifying:** None.