

# SENATE BILL REPORT

## HB 3133

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As Reported By Senate Committee On:  
Commerce & Trade, February 26, 2004

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

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

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

**Brief History:**

**Committee Activity:** Commerce & Trade: 2/26/04 [DP].

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### SENATE COMMITTEE ON COMMERCE & TRADE

**Majority Report:** Do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

**Staff:** John Dziedzic (786-7784)

**Background:** During the first special session of 2003, the Legislature revised certain statutory provisions relating to the duties of the Department of Revenue (DOR) in order to increase revenue. Among those provisions is a requirement that most promoters of special events (auto show, garden show, flea market, etc.) must not allow vendors to solicit retail sales at these events unless the promoter verifies that the vendors are registered with DOR. Special events that charge vendors less than \$200 to participate, charitable events, and on-going athletic contests are exempt from the verification requirement, as are promoters who only provide a venue for an event, without organizing, operating, or sponsoring the event.

A promoter subject to this verification requirement must keep records about the date and location of the event and the vendors at the event, and must provide this information to DOR on request. A promoter failing to meet these requirements is subject to penalties of \$100 for each failure to verify that a vendor has 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 DOR within 20 days of request. The total penalty for a first-time violation cannot exceed \$2,500 per event. A promoter is not liable for a vendor's unremitted sales or B&O tax.

**Summary of Bill:** A special event promoter who makes a good faith attempt to verify vendor registration is not liable for penalties if the vendor is not registered. A promoter may demonstrate a "good faith effort" by including specified language in written contracts with vendors, requiring vendors to indicate their DOR number on those contracts, and by timely providing the information requested by DOR. The retention period for maintaining the required information is one year from the date of the event.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Those who organize and conduct fairs, and other special events, often have many last minute changes that make it difficult to verify the tax registration status of vendors. Requiring organizers to make a good faith effort (i.e., ask for the vendors' tax information on vendor contracts, etc.) achieves the same goal.

**Testimony Against:** None.

**Testified:** Representative Bill Fromhold, prime sponsor.