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SENATE BILL 6796

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State of Washington                      59th Legislature                      2006 Regular Session

By Senators Eide, Honeyford, Mulliken and Rasmussen

Read first time 01/24/2006. Referred to Committee on Ways & Means.

1            AN ACT Relating to sales and use tax exemptions for amenities  
2 purchased by lodging businesses for use by lodging guests; adding a new  
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12  
4 RCW; creating a new section; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** In October 2004, the court of appeals held  
7 in the *Mayflower Park Hotel* decision that hotels are not entitled to a  
8 resale exemption for tangible personal property which they purchase for  
9 the exclusive use and consumption of guests. A regulation of the  
10 department of revenue (WAC 458-20-166) reaches the same conclusion.  
11 The legislature finds that the court's decision and the department's  
12 regulation are inconsistent with the sales tax resale exemption and  
13 inconsistent with the way other similarly situated taxpayers are  
14 taxable under the same subsection of the law. Therefore, the  
15 legislature intends to overturn the *Mayflower Park Hotel* decision and  
16 departmental regulation and grant the lodging industry the resale  
17 exemption.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.08 RCW  
2 to read as follows:

3        (1) The tax levied by RCW 82.08.020 does not apply to sales to a  
4 lodging business of amenities.

5        (2) A person taking the exemption under this section must keep  
6 records necessary for the department to verify eligibility under this  
7 section. The exemption is available only when the buyer provides the  
8 seller with an exemption certificate in a form and manner prescribed by  
9 the department. The seller shall retain a copy of the certificate for  
10 the seller's files.

11        (3) The definitions in this subsection apply to this section:

12        (a) "Amenities" means tangible personal property purchased  
13 primarily for the use and enjoyment of lodging guests and includes, but  
14 is not limited to: Body lotion; combs; conditioner; cotton balls;  
15 cotton swabs; envelopes and pencils; gift baskets and their contents;  
16 hairnets; magazines; matches; mouthwash; notepads; pens; postcards;  
17 razors; sewing kits; shampoo; shaving foam and shaving cream; shoe  
18 mitts; shower caps; slippers; soap; shower gels; stationery; tissue  
19 paper; toilet paper; toothbrushes; and toothpaste.

20        (b) "Lodging business" means a person that furnishes lodging  
21 taxable by the state under this chapter.

22        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 82.12 RCW  
23 to read as follows:

24        (1) The provisions of this chapter do not apply in respect to the  
25 use of amenities by a lodging business.

26        (2) The definitions in section 2 of this act apply to this section.

27        NEW SECTION.    **Sec. 4.**    This act takes effect July 1, 2006.

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