

# HOUSE BILL REPORT

## SB 6375

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### As Passed House:

March 12, 2008

**Title:** An act relating to providing a sales tax exemption for trail grooming on private and state-owned land.

**Brief Description:** Providing a sales tax exemption for certain trail grooming services.

**Sponsors:** By Senators Hatfield, Schoesler, Carrell, Holmquist, Parlette and Rasmussen.

### Brief History:

#### Committee Activity:

Finance: 3/3/08 [DP].

#### Floor Activity:

Passed House: 3/12/08, 96-1.

### Brief Summary of Bill

- Providing a sales tax exemption for certain trail grooming services.

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## HOUSE COMMITTEE ON FINANCE

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

**Staff:** Jeff Mitchell (786-7139).

### Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. The combined state and local rate varies from 7 to 8.9 percent.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Included in the retail sales tax base are charges made for clearing land and moving earth, except where land is leveled for the purpose of farming. This includes snow compacting, snow redistribution, and snow removal, on state-owned or privately-owned trails.

The Parks and Recreation Commission (Commission) has managed a winter recreation program since 1975 called Sno-Park. The Commission provides cleared parking areas in close proximity to groomed and backcountry trails on public and private lands. The Commission contracts with vendors to provide the trail grooming services, in which the vendor maintains and arranges the snow cover on the trails to facilitate the type of designated winter recreation for the trail.

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**Summary of Bill:**

Trail grooming services provided to Washington and nonprofit corporations are exempted from sales tax.

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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.

**Staff Summary of Public Testimony:**

(In support) The House bill passed on a 96-1 vote. The fiscal impact is small. The Sno-Park program has had the same funding for the past couple of years; however, costs have gone up with normal inflation and energy prices have made it even worse. Usually, the program runs from December 15 through March 15. The funds barely cover that period. Because of unusual snow conditions and higher prices this year, funds ran out in February. The additional savings from not paying sales taxes will make a difference.

(Opposed) None.

**Persons Testifying:** Gary Harris, Washington State Snowmobile Association.

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