

FINAL BILL REPORT

SHB 3126

C 129 L 08

Synopsis as Enacted

Brief Description: Clarifying the interaction of the streamlined sales and use tax legislation and the power of local governments to license and tax.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Loomis, Orcutt, Hunter, McIntire, Priest, Roach, Condotta, Kelley and Rolfes).

House Committee on Finance
Senate Committee on Ways & Means

Background:

In 2007 the state adopted full compliance with the national Streamline Sales and Use Tax Agreement (SSUTA); the effective date is July 1, 2008. The agreement is intended to make sales taxes more uniform throughout the country, thereby improving administration for tax collection agencies and compliance for taxpayers.

One of the requirements of SSUTA is switching to destination-based sourcing of taxable transactions for products that are delivered by vendors to the location of the purchaser. Thus, the transaction will be coded to the location of the buyer, rather than the point from which the goods were shipped by the seller. Thus, cities will be receiving reports of local sales tax receipts from vendors who are located outside of their jurisdiction.

Summary:

A variety of municipal taxing statutes are amended to specify that cities may not require businesses to be licensed for city business tax purposes, if the firm is merely registered under or in compliance with the SSUTA. (This assures that remote sellers are not liable for city business taxes, if they only report local sales taxes to that jurisdiction. If the firm actually has nexus within the city, then it is still potentially subject to registration for local business tax purposes.)

Votes on Final Passage:

House	94	0
Senate	47	0

Effective: June 12, 2008