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## Finance Committee

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### HB 1880

**Brief Description:** Providing a sales and use tax exemption for feminine hygiene products for individuals receiving public assistance.

**Sponsors:** Representatives Wylie, Lovick, Lytton, Kloba, Doglio, Pollet and Ormsby.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Exempts feminine hygiene products from sales and use taxes for individuals receiving public assistance.</li></ul>
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**Hearing Date:** 2/7/17

**Staff:** Rachelle Harris (786-7137).

**Background:**

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply when used in this state. Washington State, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Tax Preferences.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Currently, Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a Tax Preference Performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and

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Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Public Assistance.

The State manages various public assistance programs designed to assist individuals and families in need. Public assistance programs include workforce development programs such as WorkFirst, cash assistance such as Temporary Assistance for Needy Families (TANF), child services such as Working Connections Child Care, and others. Eligibility for public assistance programs is determined by the Department of Social and Health Services (DSHS) rule and statutory guidance. The DSHS considers income, family makeup, disability status, and other factors in determining eligibility for public assistance programs.

**Summary of Bill:**

A sales and use tax exemption is provided for the purchase of feminine hygiene products by individuals receiving public assistance. The bill includes a tax preference performance statement specifying that the public policy objective of the exemption is to provide tax relief to individual consumers, and that the exemption is intended to be permanent. The requirement for the JLARC review is waived. The bill is exempt from the automatic ten-year expiration and contains an emergency clause.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2017.