

SENATE BILL REPORT

SB 5658

As of February 8, 2019

Title: An act relating to eliminating tax preferences for bullion.

Brief Description: Eliminating tax preferences for bullion.

Sponsors: Senators Hunt, Nguyen, Hasegawa, Saldaña and Frockt.

Brief History:

Committee Activity: Ways & Means: 3/14/19.

Brief Summary of Bill

- Repeals the tax exemption for sales of precious metal bullion or monetized bullion.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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 to the value when used in this state. The 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 depending on the location.

Business and Occupation Tax. Washington's major business tax is the business and occupation (B&O) tax. B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Businesses must pay the B&O tax even if they do not make any profits or are operating at a loss. A taxpayer may have more than one B&O tax rate, depending on the types of activities conducted. Major B&O tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for services, and activities not classified elsewhere. Several preferential rates also apply to specific business activities.

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Bullion Tax Exemption. The sale of precious metal bullion or monetized bullion is exempt from sales and use tax and B&O tax.

"Precious metal bullion" means any precious metal which has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, rhodium, and palladium, and which is in such a state or condition its value depends upon its contents and not upon its form.

"Monetized bullion" means coins or other forms of money manufactured from gold, silver, or other metals and used as a medium of exchange under the laws of this state, the United States, or any foreign nation, but does not include coins or money sold to be manufactured into jewelry or works of art.

Summary of Bill: The sales and use tax and B&O tax exemption for sales of precious metal bullion or monetized bullion is repealed effective October 1, 2019.

The act does not affect any existing right, liability, obligation, or proceedings incurred under the repealed statute or any related rules or orders.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on October 1, 2019.