
Finance Committee

HB 1047

Brief Description: Creating a sales tax exemption for equipment purchased by fire districts in rural counties.

Sponsors: Representatives Dent, Griffey, Low, Shavers, Eslick, Orcutt, Bronoske, Timmons, Rule, Nance and Davis.

Brief Summary of Bill
<ul style="list-style-type: none">Provides a sales and use tax exemption for fire and emergency medical apparatus, vehicles, machinery, and equipment purchased by fire districts in rural counties.

Hearing Date: 1/23/25

Staff: Kristina King (786-7190).

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 are not collected when the user acquires the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities 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 4.1 percent, depending on the location.

Tax Preference Performance Statement.

Tax preferences confer reduced tax liability upon a designated class of taxpayer. These include

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tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. There are over 700 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 (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and 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.

Summary of Bill:

Beginning October 1, 2025, fire and emergency medical apparatus, vehicles, machinery, and equipment purchases by fire districts in rural counties are exempt from sales and use tax if they are necessary for the:

- prevention and suppression of fires;
- provision of emergency medical services; and
- protection of life and property.

Rural county means a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined by the Office of Financial Management (OFM). An eligible fire district is one with a population less than or equal to 10,000, as estimated by the OFM. An exemption from a TPPS, JLARC review, and the 10-year expiration is included.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on October 1, 2025.