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## Finance Committee

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### HB 1148

**Brief Description:** Exempting goods and services provided by youth athletic facilities from sales and use tax.

**Sponsors:** Representatives Schmidt, Leavitt, Shavers, Eslick and Rule.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Exempts goods and services provided by youth athletic facilities from sales and use tax.</li></ul>
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**Hearing Date:** 1/30/25

**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.

There is a sales and use tax exemption for athletic or fitness facilities that are primarily used (over 50 percent of the time) for activities like exercise classes, personal training, or activities requiring exercise equipment.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

Tax Preference Performance Statement.

Tax preferences confer reduced tax liability upon a designated class of taxpayers. These include 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 January 1, 2026, goods and services provided by a youth athletic facility are exempt from sales and use tax. A youth athletic facility is an indoor or outdoor facility or portion of a facility that is primarily used for competitive youth sporting events for persons under the age of 18 and is run by a nonprofit organization exempt from federal income tax.

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 90 days after adjournment of the session in which the bill is passed.