
Finance Committee

HB 1751

Brief Description: Establishing a sales and use tax exemption for required course materials at public institutions of higher education.

Sponsors: Representatives Timmons, Rude, Salahuddin, Entenman, Nance, McEntire, Scott, Thomas, Kloba, Reeves, Stonier, Richards, Reed, Schmidt, Farivar, Rule, Mena, Simmons, Zahn, Fosse, Shavers, Obras, Jacobsen, Paul, Parshley, Thai, Hill, Pollet and Ramel.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates an exemption from sales and use tax for sales of required course materials purchased by a student enrolled at an institution of higher education.

Hearing Date: 2/7/25

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.

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 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:

An exemption from sales and use tax is created for sales of required course materials purchased by a student enrolled at an institution of higher education if:

- the student presents a valid student identification card or other form of identification indicating that they are a student at an institution of higher education;
- the student presents proof of enrollment in the course at the time of purchase; and
- the purchase is made from a bookstore affiliated with the institution of higher education, an online vendor designated by the institution of higher education, or another retailer that verifies the student's enrollment and course material requirements.

An institution of higher education must provide students with information about the sales and use tax exemption for required course materials by publishing details about the exemption on the institution's official website and including either an explanation of the exemption or a link to additional information in course or program syllabi.

Institutions of higher education are state universities, regional universities, Evergreen State College, community colleges, and technical colleges. Required course materials means any textbooks, supplementary materials, and other instructional content, whether in digital or physical format, that are required or recommended by the instructor or institution of higher education for a course offered for academic credit.

An exemption from a TPPS, JLARC review, and the 10-year expiration is included.

Appropriation: None.

Fiscal Note: Requested on January 30, 2025.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.