SENATE BILL REPORT
SB 6006

As of February 13, 2026

Title: An act relating to exempting food banks from the retail sales tax imposed on certain services.

Brief Description: Exempting food banks from the retail sales tax imposed on certain services.

Sponsors: Senators Gildon, Christian, Dozier, Krishnadasan, Liias, Shewmake and Short.

Brief History:
Committee Activity: Ways & Means: 2/19/26.

Brief Summary of Bill

- Exempts food distributing organizations from retail sales tax on the purchase of certain select services.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Retail 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 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.

Retail Services. Businesses that sell intangible products to customers are subject to a business and occupation (B&O) tax under the services and other classification. Customers do not pay retail sales and use tax on most services. A select number of services are subject

---

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.

to retail sales and use tax, such as construction services, personal training at athletic and fitness facilities, extended warranties and maintenance agreements, alarm monitoring services, and vehicle towing, to name a few. If the service is taxable as a retail sale, then the business activity is subject to retailing B&O tax.

Digital Products. Retail sales and use taxes apply to all digital products, regardless of how they are accessed. Digital products are digital goods and Digital Automated Services (DAS). A DAS is any service transferred electronically that uses one or more software applications. A digital good is a sound, image, data, fact, or information, or any combination thereof, transferred or accessed electronically.

Newly Enacted Retail Services. Pursuant to ESSB 5814, beginning October 1, 2025, the following select services are classified as retail services and subject to retail sales tax and retailing B&O tax:

- custom software and customization of prewritten software;
- custom website design, support, and development services;
- information technology related training services, technical support, and other services;
- investigation, security services, security monitoring, armored car services, but excluding locksmith services;
- temporary staffing, except for temporary staff provided at hospitals;
- advertising services, but excluding web hosting services, domain name registration, and services rendered in respect to newspapers, printing or publishing, certain radio and television broadcasting, out-of-home advertising, including billboards, street furniture advertising, transit advertising, place-based advertising, such as in-store displays or point-of-sale advertising, dynamic or static signage at live events, naming rights, and fixed signage advertising; and
- live presentations.

The following DAS are also classified as retail services and subject to retail sales tax and retailing B&O tax:

- any service that primarily involves the application of human effort by the seller;
- live presentations;
- advertising services; and
- digital processing services.

The sale of services between members of an affiliated group are not considered a retail service for purposes of retail sales tax and retailing B&O tax.

Tax Preference Requirements. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if

an alternative expiration date is not provided in the legislation.

Summary of Bill: The following services are exempt from retail sales tax if the sale is made to a food distributing organization:

- custom software and customization of prewritten software;
- custom website design, support, and development services;
- information technology related training services, technical support, and other services;
- investigation, security services, security monitoring, armored car services;
- temporary staffing;
- advertising services; and
- live presentations.

The following DAS are exempt from retail sales tax if the sale is made to a food distributing organization:

- any service that primarily involves the application of human effort by the seller;
- live presentations;
- advertising services; and
- digital processing services.

A food distributing organization is a charitable nonprofit organization that distributes food free of charge to other nonprofit organizations or to the public.

The act is not subject to tax preference performance review or automatic expiration.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.