

SENATE BILL REPORT

ESHB 1913

As of March 31, 1995

Title: An act relating to taxation of equipment and services used by film and video production companies.

Brief Description: Providing sales and use tax exemptions for film and video production companies.

Sponsors: House Committee on Finance (originally sponsored by Representatives Van Luven, Sheldon and Smith).

Brief History:

Committee Activity: Ways & Means: 4/3/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: The state retail sales tax is imposed on retail sales of most items of tangible personal property and some services. The retail sales tax is also imposed on the rental of tangible personal property. The sales tax is paid by the purchaser and collected by the seller. The state sales tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The total state and local rate varies from 7 percent to 8.2 percent, depending on the location.

The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition of the property has not been subject to sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used. The use tax commonly applies to property acquired from out of state.

The use tax also applies to the use of tangible personal property in this state by nonresident businesses in cases where the sales tax has not already been paid. If property is used in this state by a nonresident business for less than 180 days in a 365-day period, the use tax is based on the reasonable rental value for the period, rather than the full value of the property. The use tax does not apply to services.

Summary of Bill: Production equipment rented to motion picture or video production businesses is exempt from sales and use taxes. Production equipment includes cameras, vans and trucks specifically equipped for motion picture or video production, wardrobe and makeup trailers, special effects and stunt equipment, telepromoters, sound recording equipment, and similar equipment. Production services provided to motion picture or video production businesses are exempt from sales tax, including processing, printing, editing, duplicating, and similar services.

These exemptions are not available to businesses that are engaged in the production of erotic material.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1995.