

# SENATE BILL REPORT

## SB 5123

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As of February 7, 1995

**Title:** An act relating to taxation of bottled water.

**Brief Description:** Exempting bottled water from the sales and use tax.

**Sponsors:** Senators Wojahn, Wood, Prentice, McDonald, C. Anderson, Hale and Winsley.

**Brief History:**

**Committee Activity:** Ways & Means: 1/31/95.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7715)

**Background:** The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Major items exempt from tax include food for human consumption, prescription drugs, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

**Summary of Bill:** Bottled water, including artesian water, distilled water, drinking water, mineral water, natural water, and spring water, is exempt from retail sales and use tax.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Drinking water is food and should never have been taxed.

**Testimony Against:** This will give bottled water a competitive disadvantage over water treatment systems.

**Testified:** Senator Wojahn, prime sponsor (pro); Larry Stevens, citizen (con).