

SENATE BILL REPORT

SB 5157

As Reported By Senate Committee On:
Ways & Means, February 19, 1997

Title: An act relating to sales and use tax relief for victims of inclement weather that led to a declaration of a disaster area.

Brief Description: Providing tax exemptions for items obtained to replace weather-damaged items.

Sponsors: Senators Zarelli, Stevens and Kohl.

Brief History:

Committee Activity: Ways & Means: 1/29/97, 2/19/97 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5157 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Fraser, Hochstatter, Kohl, Long, McDonald, Roach, Schow, Sheldon, Snyder, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. These range from 0.5 percent to 1.7 percent. The total rate is between 7.0 percent and 8.2 percent, depending on the location.

Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Summary of Substitute Bill: A sales and use tax exemption is allowed on charges made for labor, services and tangible property for the repair or replacement of residential buildings and household goods, personal effects and private automobiles lost or destroyed by inclement weather that occurred between June 30, 1995 and May 1, 1997.

The repair or replacement of property that is covered by insurance is not exempt.

The Department of Revenue must provide qualified purchasers an exemption certificate. The exemption expires December 31, 1997.

Substitute Bill Compared to Original Bill: The substitute defines inclement weather for purposes of the exemption. Damage that is covered by insurance is not exempt.

Appropriation: None.

Fiscal Note: Requested on January 16, 1997.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Many people suffered damage to their homes and cars in recent storms. The state shouldn't benefit from people's misfortune by taxing them.

Testimony Against: None.

Testified: PRO: Senator Zarelli, prime sponsor; Senator Kohl.