

SENATE BILL REPORT

SB 6481

As Reported By Senate Committee On:
Financial Institutions & Insurance, January 29, 2008

Title: An act relating to excluding the value of rebates from sales and use taxation.

Brief Description: Excluding the value of rebates from sales and use taxation.

Sponsors: Senators Benton, Schoesler, Hewitt, McCaslin, Delvin, Morton, Stevens, Swecker, Pflug and Roach.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/23/08, 1/29/08 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 6481 be substituted therefor, and the substitute bill do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Benton, Franklin, Parlette, Prentice and Schoesler.

Staff: Aaron Gutierrez (786-7448)

Background: Washington imposes a tax on the retail sale of most items of tangible personal property and some services. The tax due is based on the selling price. The selling price includes all consideration paid for the item, including service contracts (e.g., extended warranties). The selling price does not include trade-in property of like kind, discounts not reimbursed by a third party, charges related to the use of credit, and taxes legally imposed.

Summary of Bill (Recommended Substitute): Manufacturer rebates for motor vehicles are excluded from the definition of "selling price" for the purpose of determining retail sales tax.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE (Recommended Substitute): Limited the exemption from manufacturer rebates generally, to manufacturer rebates on motor vehicles.

Appropriation: None.

Fiscal Note: Requested on January 20, 2008.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony on Original Bill: OTHER: The proposed language does not comply with provisions of the national Streamlined Sales Tax. There is an exception for motor vehicles, so minor modifications could bring this bill into compliance.

Persons Testifying: OTHER: Greg Potegal, Department of Revenue.