
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-2344.3/25 3rd draft

ATTY/TYPIST: CL:jlb

BRIEF DESCRIPTION: Reducing the state sales and use tax rate.

1 AN ACT Relating to reducing the state sales and use tax rate to
2 make progress toward a more fair and balanced tax code for Washington
3 state; amending RCW 82.08.020; creating a new section; and providing
4 an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) Many Washingtonians do not earn enough
7 annually to keep pace with increasing costs of housing, health care,
8 child care, and other essential expenses. Amidst rising cost-of-
9 living across the state, the regressive nature of Washington's tax
10 code puts an additional strain on households already struggling to
11 meet their basic needs.

12 (2) The legislature finds that Washington state is heavily
13 reliant on excise taxes, including sales and use taxes, and more
14 progress is needed for the state to have a fair and balanced tax
15 system. Washington's tax system remains the second most regressive in
16 the nation as it requires those with the least to pay the most as a
17 percentage of their income. Low-income Washingtonians pay at least
18 three times more in state and local taxes as a percentage of their
19 income than the state's highest-income households. By lowering the
20 sales tax, this reduction in tax responsibility will help reduce one
21 of the key drivers of regressivity in our tax code, taking a

1 significant step toward reducing the disproportionate impact on low
2 and middle-income households, and promoting economic stability and
3 well-being for all Washingtonians.

4 **Sec. 2.** RCW 82.08.020 and 2022 c 16 s 145 are each amended to
5 read as follows:

6 (1) There is levied and collected a tax equal to six (~~and five-~~
7 ~~tenths~~) percent of the selling price on each retail sale in this
8 state of:

9 (a) Tangible personal property, unless the sale is specifically
10 excluded from the RCW 82.04.050 definition of retail sale;

11 (b) Digital goods, digital codes, and digital automated services,
12 if the sale is included within the RCW 82.04.050 definition of retail
13 sale;

14 (c) Services, other than digital automated services, included
15 within the RCW 82.04.050 definition of retail sale;

16 (d) Extended warranties to consumers; and

17 (e) Anything else, the sale of which is included within the RCW
18 82.04.050 definition of retail sale.

19 (2) There is levied and collected an additional tax on each
20 retail car rental, regardless of whether the vehicle is licensed in
21 this state, equal to five and nine-tenths percent of the selling
22 price. The revenue collected under this subsection must be deposited
23 in the multimodal transportation account created in RCW 47.66.070.

24 (3) Beginning July 1, 2003, there is levied and collected an
25 additional tax of three-tenths of one percent of the selling price on
26 each retail sale of a motor vehicle in this state, other than retail
27 car rentals taxed under subsection (2) of this section. The revenue
28 collected under this subsection must be deposited in the multimodal
29 transportation account created in RCW 47.66.070.

30 (4) For purposes of subsection (3) of this section, "motor
31 vehicle" has the meaning provided in RCW 46.04.320, but does not
32 include:

33 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180
34 and 46.04.181, unless the farm tractor or farm vehicle is for use in
35 the production of cannabis;

36 (b) Off-road vehicles as defined in RCW 46.04.365;

37 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

38 (d) Snowmobiles as defined in RCW 46.04.546.

1 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
2 collected under subsection (1) of this section must be dedicated to
3 funding comprehensive performance audits required under RCW
4 43.09.470. The revenue identified in this subsection must be
5 deposited in the performance audits of government account created in
6 RCW 43.09.475.

7 (6) The taxes imposed under this chapter apply to successive
8 retail sales of the same property.

9 (7) The rates provided in this section apply to taxes imposed
10 under chapter 82.12 RCW as provided in RCW 82.12.020.

11 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2027.

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