



STATE OF WASHINGTON

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Gov. Gregoire Signs Legislation to Help Washington Businesses Compete With Out of State Companies

OLYMPIA – Governor Chris Gregoire today signed into law a measure she requested to help Washington businesses compete with out-of-state sellers. The bill encourages out-of-state sellers to collect sales tax on items that they sell to Washington customers.

"This bill helps level the playing field between in-state and out-of-state retailers, helps Washington businesses compete with online businesses and it allows us to recover sales taxes from out-of-state retailers," said Governor Gregoire.

The bill, SSB 5089, affects internet, catalog and mail order businesses that are not physically located in Washington but sell to customers in the state. Under the bill, many of these "remote sellers" have agreed to collect and remit sales taxes on the items they sell to customers in Washington. By making it easier for remote sellers to collect and remit sales tax and forgiving any failure to remit sales taxes in the past, collections of sales and use taxes from remote sellers may rise above \$40 million per year.

The legislation addresses complaints by local shops that they sometimes serve as unwitting showrooms for online sellers. People look at big-ticket items in a local store but order online to avoid paying sales tax.

The legislation allows Washington to join 21 other states in the Streamlined Sales and Use Tax Agreement, a multi-state compact that establishes common definitions and procedures to make it easier for each participating state to collect sales and use taxes from remote sellers in every other participating state. So far, more than 1,000 remote sellers have agreed to participate.

The legislation garnered the support of a broad-based coalition of businesses and local governments, including the Association of Washington Business, Association of Washington Cities, Washington Association of County Officials, Washington State Association of Counties, Washington Retail Association, Washington Software Alliance, firefighters and law enforcement associations, transit associations, public employee organizations, the Washington Restaurant Association, the National Association of Industrial and Office Properties, the Prosperity Partnership, the Pacific Northwest Jewelers Association, the Northwest Tire Dealers, the Northwest Shopping Center Association and the South Sound Chambers of Commerce Legislation Coalition.

Substitute Senate Bill 5089, sponsored by Sen. Debbie Regala (D-Tacoma), passed the House with 76 votes and passed the Senate with 45 votes. Prior to the effective date of July 1, 2008, the Department of Revenue plans an education campaign to inform businesses and local government of the changes.

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