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Department of Revenue Publishes Tax Exemptions 2012

OLYMPIA – Jan. 31, 2012 – The Department of Revenue has published online the 2012 edition of its compilation of tax exemptions, credits and preferential tax rates.

The report, which the Department is required by law to release every four years, is available at http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2012/Tax_Exemptions_2012/Default.aspx.

The report presents a detailed listing of tax exemptions for Washington State and local taxes. It lists 640 different exemptions but focuses on 452 tax exemptions that would likely increase state revenues if eliminated.

The remaining exemptions are not likely to increase revenues due to constitutional prohibitions against taxing certain activities, property tax rate limitations, or possible changes in taxpayer reporting behavior.

The 452 tax exemptions provide an estimated state and local taxpayer savings of \$29.3 billion for the 2011-13 Biennium. The savings do not necessarily indicate the potential revenue that might be generated if the exemptions were repealed.

The majority of the taxpayer savings comes from sales and use tax exemptions, representing 57.6 percent of the total state impact. Among the largest sales and use tax exemptions are the exclusion of most personal and professional services, food for off-premises consumption and motor vehicle fuel.

Business and occupation (B&O) tax exemptions also account for a large share of the state impact at 26.1 percent. By far the largest exemption is the exclusion of employee salaries and wages, which restricts the B&O tax to business income.

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