

Increase state sales tax rate temporarily from 6.5% to 7.0%

Description This proposal would temporarily increase the state sales tax rate from 6.5% to 7.0%. This temporary increase expires July 1, 2015.

Revenue Impact General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$494.1	\$494.1

Notes:

- *Local government revenues will decrease due to a reduction in taxable sales due to the higher tax rate (elasticity).*
 - *Estimates assume a July 1, 2012, effective date, representing 11 months of collections for FY 2013.*
 - *Estimates reflect the November 2011 Economic & Revenue Forecast Council revenue forecast.*
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Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$189,300	\$449,600	\$638,900

Note: Expenditures assume that the lodging caps statutes (RCW 82.14.410 & 67.28.181) will be amended; increasing the sales tax rate without amending the statutes will cause many jurisdictions to exceed the cap.