

## Retail Sales Tax

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**RCW** Chapter 82.08

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**Tax Base** Selling price of tangible personal property and certain services purchased at retail, by consumers.

In general, the tax applies to:

- Goods
- Construction, including labor and services
- Repair of tangible personal property
- Lodging for less than 30 days
- Certain recreational activities
- Some personal and professional services, such as landscape maintenance and physical fitness

The definition of “retail sale,” which contains a complete list of items and transactions subject to sales tax, is in RCW 82.04.050.

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

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**Tax Rate** 6.5 percent.

An additional 0.3 percent state tax applies to sales of new or used motor vehicles.

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**Recent Collections (\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2018	\$10,291,675	8.2%	48.8%
2017	\$9,514,975	6.0%	49.5%
2016	\$8,979,623	8.8%	49.6%
2015	\$8,255,132	6.9%	48.9%
2014	\$7,720,827	7.1%	48.2%
2013	\$7,208,288	6.7%	47.0%
2012	\$6,755,380	1.5%	46.8%
2011	\$6,654,104	3.2%	46.6%
2010	\$6,448,090	-6.6%	48.1%
2009	\$6,903,654	-10.9%	45.1%

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**Distribution of Receipts** Receipts from the state retail sales tax are deposited into the State General Fund, subject to the following exceptions:

Account	Distribution	RCW
Multimodal Transportation	The additional 0.3 percent tax on new and used motor vehicles is for use in financing improvements to the state transportation system.	82.08.020(3)
Advanced Environmental Mitigation	State sales/use tax paid on leaded racing fuel is dedicated to the advanced environmental mitigation account.	82.32.394
Performance Audits of Government	A portion of the state sales tax collections (0.16 percent) is used to finance the costs of performance audits by the State Auditor.	82.08.020(5)
Various	State sales/use tax paid on transportation projects undertaken by a regional transportation investment district is earmarked to pay for debt service on the project.	82.32.470

**Levied by** State

For information about local sales taxes, refer to the [Local Tax Reference Guide](#) or the [Association of Washington Cities \(AWC\)](#).

**Administration** Department of Revenue.

Retail vendors collect sales tax from purchasers at the time of sale using tax rate schedules supplied by the Department. Sales tax receipts are legally considered trust funds of the state. Total transactions are reported on the seller's Combined Excise Tax Return and receipts are remitted to the Department.

**History** 2018 Required remote sellers, marketplace facilitators, and referrers meeting specified sales or income thresholds to elect to either collect sales or use tax on sales to Washington consumers, or comply with specified use tax notice and reporting requirements. Also required marketplace facilitators subject to these provisions to make the

required election on behalf of sellers making sales through its marketplace.

- 2018 Extended the expiration date of the sales tax exemption for certain add-on automotive equipment purchased by eligible veterans or active duty members of the United States Armed Forces to July 1, 2028.
- 2018 Expanded the sales tax exemptions for anaerobic digesters until January 1, 2029, to include biogas processing equipment used by anaerobic digesters and persons processing biogas from landfills. Also removed anaerobic digestion and landfill gas as types of renewable energy sources eligible for the 75 percent refund of the sales taxes paid for machinery and equipment used directly in generating electricity from an eligible renewable energy source and installation charges for such equipment.
- 2017 Extended the due date of the first payment due under the sales tax deferral for historical auto museums.
- 2017 Martial arts reclassified from a retail sale to a B&O service and other activity.
- 2017 The Invest in Washington program expanded to allow for the annual approval of sales and use tax deferrals for up to two manufacturing facilities, one of which must be located in eastern Washington and one of which must be located in western Washington. The deferral applies to qualified buildings or qualified machinery and equipment, including labor and services rendered in respect to the planning, construction, and installation.
- 2017 Removed the sales tax exemption for bottled water.
- 2017 Allows a disabled or severely disabled veteran to apply to the Department for a remittance of the state portion of retail sales tax paid for materials incorporated in and/or labor and services rendered in respect to adapted housing performed under certain grants awarded by the United States Department of Veterans Affairs.
- 2016 Modified existing sales tax exemptions on clean alternative fuel vehicles.
- 2016 New building construction located in an international airport with a population that exceeds 1.5 million that will be owned by or leased

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from a port district, political subdivision, or municipal corporation by a federal aviation regulation part 145 certificated repair station is exempt from sales tax. The exemption is in the form of a remittance.

- 2016 Allows representatives of an out-of-state business to attend or participate in, including exhibiting, a single trade convention in Washington per year without that activity causing the business to have physical presence nexus with the state.
- 2015 Certain aspects of the taxability of certain amusement, recreation, and physical fitness services changed.
- 2015 Adopted click-through nexus for retail sales tax.
- 2014 Sales of vessel deconstruction services are exempt from sales and use tax.
- 2013 Purchases of certain motor vehicle equipment and services that assist disabled veterans are exempt from sales and use tax.
- 2013 Removed sales and use tax exemption for local residential landline service, as well as coin-operated telephone service.
- 2011 Restaurant meals provided to employees are exempt from sales and use tax.
- 2010 Sales of certain equipment and infrastructure contained in data centers are exempt from sales and use tax.
- 2009 Sales and use tax is imposed on the following:
- Digital goods, such as digital audio works, digital audio-visual works, digital books, and other products transferred electronically;
  - The installing, repairing, altering, or improving of digital goods;
  - Digital automated services (services transferred electronically that use one or more software applications);
  - Digital codes used to obtain digital goods or digital automated services; and
  - Remote-access software (that is, the service of furnishing access and use of prewritten computer software, where the seller or a third party maintains possession of the software).
- 2008 Remittance program adopted for low-income families eligible for the federal earned income tax credit. (Program remains unfunded.)

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- 2007 Final adoption of national streamlined sales tax, effective July 1, 2008.
- 2006 Deferral/exemption for biotechnology manufacturing facilities in any county; exemptions for diesel fuel used on farms and replacement parts for farm machinery; three new state-credited local taxes authorized.
- 2005 Deferral/exemption for fruit and vegetable processing facilities.
- 2004 Deferral/exemption programs extended (rural counties to 2010 and high technology R&D to 2015).
- 2003 The first differential state sales tax rate according to the item being purchased: an additional 0.3 percent rate applies only to new/used motor vehicles.
- 2003 Major portions of the national model streamlined sales tax base adopted to make Washington's tax more uniform with other states.
- 1997 Remittance for state sales tax paid on construction of certain large warehouse and distribution facilities and grain elevators.
- 1995 Exemption for manufacturing machinery and equipment.
- 1994 Tax deferral for high technology businesses.
- 1993 Tax extended to landscape maintenance, tour operators, physical fitness and certain personal services such as health spas, massage (repealed in 1995), and tanning and dating services.
- 1985 Sales tax deferral for qualified improvements by manufacturing and R&D firms in rural counties.
- 1984 Voters approve initiative exempting trade-ins.
- 1983 Telephone service, except local residential and coin-operated, subject to tax.
- 1982 Tax temporarily re-imposed on food for 14 months.
- 1981 The 1972 manufacturer's tax deferral is repealed.
- 1977 Voters approve initiative exempting food for off-premises

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consumption, effective July 1, 1978.

- 1975 Tax paid by the contractor as a consumer is extended to materials incorporated into construction projects for the federal government (upheld by the U.S. Supreme Court in 1983).
  - 1974 Prescription drugs exempted.
  - 1972 Sales tax deferral for certain manufacturing improvements.
  - 1971 State road construction is subject to tax.
  - 1970 Initial local sales/use tax authorized (see local sales/use tax).
  - 1967 Initial sharing of tax (2 percent of the 4.5 percent rate) on hotel-motel accommodations with local government (see local hotel-motel tax).
  - 1965 Exemption for residents of states with sales taxes below 3 percent.
  - 1961 Tax extended to amusement/recreation activities, parking, title/escrow services.
  - 1959 Tax extended to rental of personal property and clearing land.
  - 1951 Tax extended to hotel and motel accommodations.
  - 1941 Services rendered to real property subject to tax.
  - 1939 All food items and services to personal property became taxable.
  - 1935 With the advent of the sales tax in 1935, Washington pioneered the use of "tax tokens." Because prices of taxable items were much less in the 1930s and because the initial tax rate was much lower, there were instances of sales tax liability totaling less than one cent. Tokens – initially worth one-half of one cent – helped solve this administrative dilemma. Tokens were widely used from 1935 until they were discontinued in 1951.
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