

Retail Sales Tax

RCW Chapter 82.08

Tax Base The price when selling tangible personal property, certain services, and other products.

Unless specifically excluded, the tax applies to sales of:

- Tangible personal property.
- Digital goods, digital codes, and digital automated services.
- Certain services, such as installation, repair, cleaning, altering, improving construction, and decorating.
- Extended warranties to consumers.
- Certain recreational activities.
- Lodging for less than 30 days.
- Other products included in definition of retail sale.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 6.5%

An additional 0.3% state tax applies to sale or lease of new motor vehicles and the sale used motor vehicles.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$12,525,688	10.3%	46.2%
2020	\$11,357,457	1.7%	47.3%
2019	\$11,170,430	8.5%	48.7%
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%

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Distribution of Receipts The General Fund receives these taxes, except as follows:

- The Multimodal Transportation Account receives the 0.3% additional tax on motor vehicle sales or leases.
- The Advanced Environmental Mitigation Account receives the tax from sales of leaded racing fuel.
- the Statewide Tourism Marketing Account receives 0.2% of the tax from lodging, car rentals, and restaurants, not exceeding \$3 million per biennium.
- The Office of the Washington State Auditor receives 0.16% of these taxes to fund comprehensive performance audits.

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

A buyer pays the tax to the seller. The seller pays the tax to the Department of Revenue.

History

2022 Expanded and extended the rural data center sales and use tax exemption. Also created an exemption for certain urban data centers. The rural data center exemption expires July 1, 2048, and the urban data center exemption expires July 1, 2038.

2022 Created a sales and use tax deferral program for eligible investment projects in clean technology manufacturing, clean alternative fuels production, and renewable energy storage. This program will expire January 1, 2033.

2022 Created a sales and use tax deferral for qualified construction projects to improve the Interstate 405/State Route 167 corridor.

2022 Extended the State Route 520 Bridge Replacement and High-Occupancy Vehicle project sales and use tax deferral to 24 years after project completion.

2022 Created a sales and use tax deferral for the construction of solar canopies placed on large-scale commercial parking lots and other similar areas.

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- 2022 Created a sales and use tax deferral for the construction of manufacturing and research development facilities and/or the acquisition of eligible machinery and equipment in counties with a population of less than 650,000.
- 2022 Expanded the retail sales and use tax exemption for renewable hydrogen production to include green electrolytic hydrogen production.)
- 2021 Exempted qualifying grants from sales and use tax. “Qualifying grant” means government-funded financial assistance given to address the impact of conditions giving rise to a national emergency, including the COVID-19 pandemic. Also amended the definition of “retail sale” to clarify that the tax applies to purchases of tangible personal property and certain services made using qualifying grant. These changes were effective retroactively to February 29, 2020.
- 2021 Created a hydrogen fuel cell powered vehicle sales and use tax exemption program.
- 2021 Exempted qualifying salmon recovery grants from the tax.
- 2021 Expanded the farmworker sales and use tax exemption set to expire January 1, 2032.
- 2020 Excluded “Land development and management” services from the tax as “services rendered in respect to” construction activities if a person not responsible for the construction activities provides these services.
- 2020 Expanded the retail sales and use tax exemption for new battery-powered electric marine propulsion systems and extended the expiration date to July 1, 2030.
- 2020 Created a sales and use tax exemption on the purchase or use of feminine hygiene products.
- 2020 Extended the sales and use tax exemption for large private airplanes purchased or used by nonresidents, and the charges for services to repair, clean, alter, or improve such airplanes to July 1, 2031.
- 2019 Created a 50% sales and use tax exemption for solar energy systems with power output ratings over 100 kW AC and under 500 kW AC on equipment installed from January 1, 2020, through January 1, 2030.

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- 2019 Created a sales and use tax exemption for solar energy systems with power output ratings of no more than 100 kilowatts (kW) AC of electricity on equipment installed from July 1, 2019, through January 1, 2030.
- 2019 Expanded the sales and use tax exemption for personal property sold between two political subdivisions to include personal property transferred during the merger of two political subdivisions. Also exempted, personal property owned by one political subdivision and shared with another political subdivision as part of a contractual consolidation from the tax, if the party that originally paid the sales and use tax continues to benefit from the use of the property.
- 2019 Amended and extended the retail sales and use tax exemption on purchases of machinery and equipment (M&E) and associated installation labor for M&E used at facility capable of generating at least 1,000 watts AC of electricity from certain renewable sources.
- 2019 Created a sales and use tax exemption for the sale or use of new battery-powered electric marine propulsion systems. The prior exemption expired July 1, 2015.
- 2019 Addressed conflicts between current sales tax laws and a U.S. Supreme Court decision (*South Dakota v. Wayfair, Inc.*) Businesses with over \$100,000 in sales must collect sales tax. Businesses facilitating sales must collect sales tax for their sellers.
- 2019 Removed the requirement for registered tow truck operators to collect sales tax on sales of abandoned vehicles when sold at a public auction, or to a licensed vehicle wrecker, hulk hauler, or scrap processor.
- 2019 Changed the existing nonresident sales tax exemption to a refund program.
- 2019 Modified the sales and use tax exemption on sales of standard financial information to qualifying international investment management companies to only apply to persons qualifying for the preferential business and occupation tax rate and their affiliates also extended the exemption to July 1, 2031.

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- 2019 Expanded the electric vehicle battery and infrastructure sales and use tax exemption to include fuel cells for electric vehicles and buses, hydrogen fueling stations, and renewable hydrogen production facilities. Extended the exemption to July 1, 2025.
- 2019 Created a sales and use tax exemption for the sale or lease of new and used clean alternative fuel passenger vehicles.
- 2019 Created a sales and use tax deferral for the redevelopment of a multipurpose sports and entertainment facility owned by King County and used to attract professional ice hockey and basketball league franchises. Repaying the deferred taxes occurred no later than June 30, 2023.

For sales tax history prior to 2019, see the [History of Major Washington Taxes](#).
