

## BUSINESS TAXES

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### OTHER BUSINESS TAXES - LITTER TAX

#### **82.19.050(1) PRODUCTS SHIPPED OUT OF STATE**

Description: Exemption from the 0.015 percent litter tax is provided for products which are manufactured in or sold from a location in this state but are for use or consumption outside of the state.

Purpose: To recognize that litter tax is typically associated with consumption of products and the consumption of such products occurs outside of Washington.

Category/Year Enacted: Tax base. 1992

Primary Beneficiaries: Approximately 2,000 firms that pay litter tax.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 33	\$ 34	\$ 35	\$ 36
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes, although there may be constitutional problems related to taxing interstate commerce.

#### **82.19.050(2) AGRICULTURAL PRODUCTS**

Description: Exemption from litter tax is provided for agricultural crops and animals that are produced by farmers for sale at wholesale.

Purpose: To recognize that food products sold at wholesale are not generally associated with significant amounts of litter.

Category/Year Enacted: Agriculture. 1971

Primary Beneficiaries: Farmers.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$813,000	\$829,000	\$846,000	\$863,000
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely; it's not clear who would otherwise be paying the litter tax on agricultural products. The producers of agricultural products are generally not subject to B&O tax and therefore are not registered or filing state excise tax returns upon which the litter tax is reported.

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### 82.19.050(3) GROCERY COOPERATIVES

Description: Products sold by a qualified grocery cooperative to its members are not subject to litter tax.

Purpose: To reflect the fact that title to the goods remains with the cooperative and an actual sale does not take place.

Category/Year Enacted: Business incentive. 2001

Primary Beneficiaries: It is believed that a single cooperative benefits from this exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

### 82.19.050(4) FOOD & BEVERAGES ON-PREMISES

Description: Sales of food and drink are exempt from litter tax for restaurants and other eating and drinking establishments. To qualify for the exemption, the food and beverages must be consumed indoors or on the premises of the seller.

Purpose: To recognize that food and drinks consumed on the premises of the seller generally do not contribute to the litter problem.

Category/Year Enacted: Tax base. 2003

Primary Beneficiaries: Approximately 12,000 restaurants and other eating/drinking establishments.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 426	\$ 440	\$ 456	\$ 472
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.