

## NOTES FOR HISTORICAL STATE TAX COLLECTION TABLES

### Major Tax Rate and Base Changes

NOTE: The data in these tables reflect fiscal years ending September 30 through 1929, ending March 31 through 1952 and June 30 thereafter. These tables include only taxes levied by the state, not local governments.

#### Retail Sales and Use Taxes

1935	2.0% tax enacted on the sales or use of tangible personal property
1939	Tangible personal property is taxable
1941	Rate changed to 3.0%; Real property is taxable
1951	Hotel and motel accommodations are taxable
1955	Rate changed to 3.33%
1959	Rate changed to 4.0%
1961	Amusement and recreation are taxable
1965	Rate changed to 4.2%
1967	Rate changed to 4.5%
1972	Sales tax deferral for plant expansions by manufacturers
1976	Rate changed to 4.6%
1978	Sales tax exemption for food for off-premises consumption(taxable again 1982-1983)
1979	Rate changed to 4.5%
1981	Rate changed to 5.5%
1982	Rate changed to 5.4%
1983	Rate changed to 6.5%; Business and long distance telephone services taxable
1984	Sales tax exemption for trade-in
1993	Sales tax extended to personal services – landscape maintenance, guided tours, physical fitness
1994	Sales tax exemption for high tech firms
1995	Sales tax exemption for manufacturing machinery
1996	Local sales tax of 0.017% in King County to fund a professional baseball stadium.
1997	Professional football stadium tax of 0.016%
1998	Public facilities in rural counties tax of 0.04%
1999	Public facilities tax increased to 0.08%; Exemption for distressed areas changed to a population density
2003	Statewide sales tax of 0.3% on motor vehicles; Exemptions for construction of facilities for the aerospace industry and semiconductor industry
2004	Exemptions for construction of facilities for aluminum smelters
2008	Deferrals for fruit and vegetable processing facilities, manufacturing of dairy and seafood products, and biotechnology manufacturing. Exemption for diesel and aircraft fuel used on farms and weatherization materials. New local sales tax for health sciences. Rural county local sales tax increased from 0.08% to 0.09%.
2008	Sourcing of sales tax changed from origin based to destination based as the state adopted the Streamline Sales & Use Tax Agreement.
2009	Deferral of state and local sales tax on construction of the new 520 bridge over Lake Washington. Deferral for new corporate headquarters facilities in a CEZ. Resale certificate replaced by a seller’s permit. Sales tax extended to digital goods.
2010	Tax extended to candy and bottled water. Repealed by voters in November. Rural county tax deferral changed from population density basis to unemployment.
2011	Exemption for nonresidents from states/provinces with no or low sales taxes clarified.
2012	Payment of deferred taxes on the construction of the new Tacoma Narrows bridge extended six year to 2018.

### Motor Fuel Taxes

1921	A 0.01/gallon gas tax is enacted
1929	Tax raised to 0.02/gallon
1931	Tax raised to 0.04/gallon
1933	Tax raised to 0.05/gallon
1941	Special fuel tax enacted
1944	Constitutional amendment dedicated the gas tax to road construction
1949	Tax raised to 0.065/gallon
1961	Tax raised to 0.075/gallon
1963	Fuel importer tax enacted (repealed in 1995)
1967	Tax raised to 0.09/gallon. Aircraft fuel tax enacted
1977	Tax raised to 0.11/gallon
1979	Tax raised to 0.12/gallon
1981	Tax raised to 0.135/gallon
1982	Tax lowered to 0.12/gallon
1983	Tax raised to 0.16/gallon
1984	Tax raised to 0.18/gallon
1990	Tax raised to 0.22/gallon
1991	Tax raised to 0.23/gallon
2003	Tax raised to 0.28/gallon
2005	Tax raised to 0.31/gallon
2006	Tax raised to 0.34/gallon
2007	Tax raised to 0.36/gallon
2008	Tax raised to 0.375/gallon
2015	August 1, 2015 – June 30, 2016 Tax raised to 0.445/gallon

### Beer and Wine Excise Taxes

1934	Beer excise taxes enacted at \$1/barrel for beer
1935	Wine excise taxes enacted at .10/gallon
1965	Beer tax increased to \$1.50/barrel
1969	Additional 26% tax for wine
1973	Wine excise tax changed \$0.75/gallon
1981	Beer tax increased to \$2.60/barrel; wine tax changed to \$0.2025/liter
1982	Additional surtaxes enacted
1983	Additional surtaxes enacted
1989	Wine tax increased to \$0.2292/liter; strong wine increased to \$0.4536/liter; beer increased to \$4.78/barrel.
1993	Beer tax increased to \$5.742/barrel
1995	Beer tax increased to \$7.172/barrel
1997	Beer tax increased to \$9.562/barrel
1997	Beer tax reduced to \$8.08/barrel
2010	Beer tax increased to \$23.58/barrel incrementally through 2013
2013	Beer tax reduced to \$8.08/barrel; Beer and wine sampling authorized at qualifying farmers markets and grocery stores.

### Liquor Sales Tax (Percentage) and Liquor Liter Tax (Volume)

1935	Tax on hard liquor enacted at 10% of wholesale price
1943	Additional "War" liquor tax of 10% imposed
1949	Original tax and additional tax repealed
1951	10% rate reinstated; Rate increased to 15% for sales to consumers
1981	Surtax increased rate to 17.1%
1982	Surtax decreased rate to 11.4%

1993	Rate increased to 18.7% for health care purposes
1995	Rate increased to 19.7%
1997	Rate increased to 20.7%
2009	Health care account repealed
2012	Referendum passed moving the sale of hard liquor to the private sector. Most taxes remain - Distributors, restaurants and bars (On-premises): 13.7% sales tax, \$2.4408 liter tax; General Retail (Off-premises) 20.5% sales tax, \$3.7708 liter tax
2013	Former state liquor store auction buyers and former state contract liquor store owners exempted from the 17% license fee on sales to bars and restaurants for consumption on the premises.

#### Cigarette Tax

1935	Cigarette tax enacted at \$0.01/pack
1939	Rate increased to \$0.02/pack
1949	Rate increased to \$0.04/pack
1955	Rate increased to \$0.05/pack
1959	Rate increased to \$0.06/pack
1961	Rate increased to \$0.07/pack
1965	Rate increased to \$0.11/pack
1971	Rate increased to \$0.16/pack
1981	Rate increased to \$0.20/pack
1982	Rate increased to \$0.208/pack then to \$0.23/pack
1986	Rate increased to \$0.31/pack
1989	Rate increased to \$0.34/pack
1993	Rate increased to \$0.54/pack
1994	Rate increased to \$0.565/pack
1995	Rate increased to \$0.815/pack
1996	Rate increased to \$0.825/pack
2001	Contracts with tribes authorized in 2001
2002	Rate increased to \$1.425/pack
2005	Rate increased to \$2.023/pack
2009	Health care and Water Quality accounts repealed
2010	Rate increased to \$3.025/pack
2011	Portion of the tax going to the Education Legacy Account repealed

#### Tobacco Products Tax

1959	Tobacco products tax enacted on cigars and chewing tobacco at 25% of wholesale price
1965	Rate increased to 30%
1971	Rate increased to 45%
1982	Rate increased to 46.8% and 48.15%
1986	Rate increased to 64.9%
1993	Rate increased to 74.9%
2002	Rate increased to 128.42%
2005	Rate decreased to 75%
2010	Rate increased to 95%; Tax per cigar raised to \$0.65

#### Marijuana Tax

2013	Initiative 502 legalized the production, distribution, and sale of recreational marijuana in November 2012. The Washington State Liquor Control Board is responsible for administering a 25% excise tax on each level of production, distribution and sale to consumers. This new industry will be subject to B&O, sales and use taxes.
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2015 Per RCW 69.50.535 and WAC 314-55-089, all retail licensees are required to remit to the Washington State Liquor and Cannabis Board (WSLCB) an excise tax of 37 percent on all taxable sales of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products.

#### Convention Center Tax

1982 State tax on hotel and motel accommodations at facilities with 60 or units to finance the state convention center in Seattle. Initial rates of 3% in Seattle and 2% throughout the remainder of King County

1983 Rate increased to 5% in Seattle

1988 Rate increased to 6% in Seattle and 2.4% throughout the remainder of King County

1993 Rate increased to 7% in Seattle and 2.8% throughout the remainder of King County

2011 State tax repealed and turned over to a new local PFD

#### Replacement Tire Tax

1985 Tax enacted at 0.12% of gross sales

1989 Changed to \$1 per tire

1994 Tax expired

2005 Tax re-enacted at \$1 per tire

#### Refuse Collection Taxes

1986 Garbage collection removed from the public utility tax and subject to a separate 3.6% tax

1989 Additional 1% tax on solid waste customers

#### Wood Stove Fee

1988 Fee enacted at \$5 per device

1990 Fee increased to \$15 per device

1992 Fee increased to \$30 per device

#### Brokered Natural Gas Tax

1990 Tax of 3.852% on natural gas not subject to public utility tax enacted

#### Rental Car Tax

1993 Motor Vehicle Excise Tax on rental vehicles eliminated and replaced by a rental car tax of 5.9% on customers of rental car companies.

#### Business and Occupation Tax

1935 Tax enacted on gross receipts of all businesses at 0.25% for most activities and 0.5% for services

1951 Surtax of 20% applied to all rates

1955 Surtax increased to 60%

1959 Surtax increased to 76%

1967 Credit for certain sales taxes paid by manufacturers, pollution control facilities

1970 Extended to financial institutions

1974 Credit for personal property taxes paid on business inventories

1976 Surtax of 6% through 1979

1982 Surtax of 4% increased to 7%. Major rates of 0.484% for manufacturing and wholesaling, 0.471% for retailing, 1.5% for services.

1987 Credit for manufacturing tax against wholesaling/retailing tax. Credit for similar taxes paid in other states.

1993 Tax extended to public and nonprofit hospitals at 0.75%; services rate increased to 2.5%, financial services increased to 1.7%

1994	Credit for investment in R&D expenditures
1995	Hospital B&O increased to service rate of 1.5%; Minimum taxable amount of \$1000/month replaced by small business credit against tax liability of \$35/month; Rate reduced for insurance to 0.55% plus surtax.
1996	Business services rate reduced to 2.0%, financial services to 1.6% and other services to 1.75% plus the surtax. Minimum gross receipts required to file tax returns established at \$24,000.
1997	Temporary surtax of 6.5%
1998	All service rates reverted to 1.5%; Tax on internal distributions repealed; Minor B&O rates consolidated from 13 to 6.
1999	Minimum gross receipts required to file tax returns increased to \$28,000
2003	Rate reduction and credits for aerospace and semiconductor industries
2004	Rate reductions and credits for aluminum smelter industry
2005	B&O levied on games of chance and pari-mutuel wagering, rate at 0.1%
2006	Gambling rate increased to 0.13%; Total exemption for processing of fresh fruit and vegetables and manufacturing of dairy and seafood products until 2012.
2007	Credit for the amount of carbonated beverage syrup tax paid; Reduces rate for extracting of timber and manufacturing timber and wood products; Credit for restaurants, groceries, laundries to upgrade energy efficiency of appliances.
2008	Aerospace incentives revised: Rate on aircraft repair broadened, credit for pre-production expenditures broadened, manufacturing rate extended to tooling, new tax rate of 0.9% for aerospace services.
2009	Tax on nonprofit & public hospitals goes to the general fund; Reduce reduced to 0.2904% for newspapers.
2010	Service rate increased to 1.8% until 2013; Small business credit doubled for service firms; Economic nexus, based on location of sales, for apportionment of tax on royalties and service income.
2011	Deduction for amounts received from the state by a regional support network for distribution to a health or social welfare organization for mental health services provided under a government-funded program; Deduction for amounts received for health or social welfare organizations as compensation for providing child welfare services under a government funder program; Clarification of tax on real estate firms; Exemption for payments made to property management companies for wages and benefits repealed, replaced with a deduction.
2012	Deductions for amounts received by qualified dispute resolution centers as contributions from federal, state, and local governments, and nonprofit organizations, for providing dispute resolution services.
2013	Temporary service rate increase expired, service rate reduced to 1.5%.

#### Public Utility Tax

1935	Public utility tax enacted in lieu of B&O tax on gross operating receipts of public service companies. Railroad, express, electric power, telephone, telegraph at 3%, natural gas at 2%, urban transportation and tugboats at 0.5%, motor transportation and all other activities at 1.5%.
1951	10% surtax on all rates
1957	20% surtax on all rates
1982	4% surtax on rates, increased to 7%
1983	Telephone service removed from tax
1985	Water distribution rate increased to 5.029%
1986	Warehousing and garbage collection removed from tax
1989	Electric power rate increased to 3.873%
1996	Rates for railroads and railcar companies reduced to 1.926%; Minimum gross receipts

- required for reporting increased to \$24,000.
- 2000 Deduction for wholesale sales of electric power; Credit for energy facilities to supply DSIs; Credit for billing discounts for low-income households.
- 2004 Exemption of power sold to aluminum smelters
- 2007 Deduction for shipping farm products to port
- 2009 Rate for hauling logs on public roads reduced to 1.28%

Litter Tax

- 1971 Tax enacted at 0.015% of gross receipts of businesses whose products relate to the litter problem
- 1999 Tax reported on each return instead of annually

Insurance Premiums Tax

- 1891 Tax enacted on gross premiums received by insurance companies at a rate of 2.0%
- 1911 Retaliatory provision providing higher rates for companies of other states depending on how they tax Washington companies.
- 1937 Rate of 1% for domestic companies
- 1949 Rate of 0.75% for ocean marine insurance
- 1982 Rate increase of 0.16 and surtax of 4%
- 1986 Domestic and foreign rate consolidated at 2.0%; Ocean marine remaining at 0.95%
- 1994 Health maintenance organizations subject to tax of 2.0%

Pari-mutuel Tax

- 1933 Tax enacted at a rate of 5% on gross receipts of pari-mutuel betting machines at horse races
- 1979 Rate reduced, also in 1982m 1985, 1991 and 1998
- 2003 Current rates of 1.803% for racing with annual receipts up to \$50 million, 1.3% for larger races, and 1.0% for smaller races.

State Property Tax

- 1932 State levy ranged from 10 to 15 mill until raised to 40 mill
- 1933 State levy lowered to 5 mills
- 1935 State levy lowered to 2 mills
- 1967 State levy increased to 4 mills
- 1974 State levy eliminated
- 1975 New levy of \$360/\$1000 of assessed value enacted
- 1979 State levy subject to a 106% limit – can only increase 6% per year.
- 1996 One-time reduction in levy rate of 4.7%; Assessed values frozen at 1995 levels for senior citizens and disabled homeowners with income less than \$28,000.
- 1997 Reduction extending into 1997
- 1998 Reduction made permanent; Annual growth limit reduced to the rate of inflation.
- 2002 Exemption from state levy for farm machinery; Annual growth rate limited to 1.0% through initiative; Head of household exemption increased to \$15,000; Supreme Court rules initiative invalid, legislature reenacts the 1.0% limit.
- 2008 Deferral program for homeowners with incomes less than \$57,000; Annual updating of assessed values required in all counties by 2014.
- 2011 Definition of same ownership in current use program expanded to include members of the same family.
- 2013 New exemption for property of nonprofit fair associations used for fair purposes purchased from a city or county between 1995 and 1998; limits the exemption to assessed values of no more than \$15 million. New exemption for airplanes operated by a commuter air carrier whose ground property and equipment are located primarily on private property

- and subjects them to a new weight-based aircraft excise tax.
- 2014 Counties have the option of merging the current use timber land classification into designated forest land effective June 12, 2014.

#### Vehicle Excise Taxes

- 1938 Excise tax of 1.5% in lieu of personal property tax on motor vehicles of 1.5%
- 1949 Aircraft tax of 1.0%
- 1955 House trailers taxed separately at 1.0%
- 1959 Tax increased to 2.0%
- 1965 House trailer tax increased to 1.5%
- 1967 Aircraft tax changed from 1.0% to \$15 or \$25 and increasing to \$125 by 1983
- 1972 Campers included with travel trailers in the house trailer tax, which was reduced to 1.0%
- 1973 Mobile homes excluded from house trailer tax but now subject to property tax
- 1977 Tax increased to 2.2%
- 1982 Tax increased to 2.354%
- 1989 Tax increased to 2.454%
- 1990 Camper/travel trailer tax increased to 1.1%
- 1991 Tax reduced to 2.2%
- 1999 Credit of \$30 per vehicle
- 2000 MVET repealed and replaced by a \$30 per vehicle annual fee through initiative 695; 695 ruled unconstitutional, legislature enacted the same changes by statute.

#### PUD Privilege Tax

- 1941 2.0% tax on gross revenue of public utility districts in lieu of property tax
- 1959 Additional tax of 5% on first 4 mills
- 1977 Nuclear plant at Hanford subject to 1.5% tax
- 1982 Rates increased to 2.14% and 5.35%

#### Timber Excise Tax

- 1972 Severance tax on stumpage value of timber harvested from private lands. Rate phased in to 6.5% by 1974.
- 1982 Public lands added.
- 1984 Rate phased down to 5.0% by 1988
- 1999 Credit for harvests impacted by salmon regulations, reducing rate to 4.2%
- 2004 Rate phased down to 1.0% through 2013 as tax is transferred to counties.

#### Leasehold Excise Tax

- 1976 Tax on the rental value of leases of publicly owned property at 12%. Credit for local leasehold taxes up to 6%
- 1982 Combined state and local rate increased to 12.84%

#### Estate Tax

- 1901 Tax on inheritances enacted with rates ranging from 1-12%
- 1941 Gift tax with rates equal to 90% of inheritance tax
- 1981 Both taxes repealed. Remaining estate tax equal to the amount of credit for state taxes allowed under the federal estate tax
- 2001 Federal estate tax repealed to be phased out over 10 year period
- 2005 The state had maintained that the tax was linked to the federal internal revenue code prior to the amendments to the federal tax, but the State Supreme Court overturned this interpretation ruling the state estate tax must phase out also. A new stand-alone estate tax was adopted, applies to estates with a value of \$2 million or more, rates of 10-19%.
- 2013 A Washington Supreme Court decision in the estate of Bracken exempted qualified

terminable interest property (QTIP) from Washington's estate tax. Legislation restored the estate tax as it existed before the court decision. It also increased the top four estate tax rates by 1% each and allows a deduction of \$2.5 million for the value of qualified family-owned businesses where the interest in the business is valued at \$6 million or less.

#### Real Estate Excise Tax

1951	Real Estate Excise Tax initially imposed at the county level
1981	County level tax shifted to the state at the rate of 1.0% on the sale of real property
1982	Rate increased to 1.07% then 1.28%
1987	An additional rate of 0.06% imposed until 1989
1993	Tax extended to the transfer of control of real property
1999	Tax extended to step transfers of control of real property
2005	Collection procedures revised to have county treasurers forward the state tax receipts to the State Treasurer on the last working day of each month; Transfers of control interest must be reported to the Secretary of State; 7.7% of the state tax to go to the Public Works Assistance fund and the City/County Assistance Fund.

#### Fish Tax

1980	Enacted as a tax on commercial possession of food fish or shellfish. Initial rates from 0.07-5.0%.
1982	Surtaxes raised the top rate to 5.62%
1983	Anadromous game fish (steelhead) added. Rates: Chinook salmon and steelhead, 5.62%; pink and sockeye salmon, 3.37%; oysters, 0.086% and all other food fish and shellfish, 2.25%.
2000	Rate on sea urchins and cucumbers increased to 4.6% incrementally through 2010.

#### Hazardous Substance Tax

1988	Initial tax imposed at rate of 0.8% of the wholesale value of designated substances which pose a threat to the environment.
1989	Initiative lowered rate to 0.7% with a broader base.

#### Carbonated Beverage Tax

1989	Initial tax on soft drinks at \$0.01/12 ounce container or \$0.75/gallon of concentrate
1995	Carbonated beverage tax expired; syrup tax increased to \$1/gallon.
2009	Receipts from the syrup tax go to the general fund
2010	New tax on carbonated beverages at \$0.02/12 ounces; New tax repealed by I-1107 later that year

#### Petroleum Products Tax

1989	Tax on first possession of petroleum products at 0.5% of wholesale value
1992	Tax suspended as the maximum fund balance of \$15 million was reached
2003	Tax reimposed for one year
2009	Tax reimposed for nine months
2010	Tax suspended till June 30, 2015
2015	Effective July 1, 2015 tax reimposed at 0.3% of wholesale value.

#### Oil Spill Tax

1991	Tax on petroleum products imported via navigable waters at \$0.05/42 gallon barrel
2002	Rate temporarily reduced to \$0.04/42 gallon barrel as the oil spill response account reached \$9 million
2007	Rate increased back to \$0.05/42 gallon barrel as the oil spill response account dipped under \$8 million



- 2009 The \$0.01/42 gallon barrel oil spill response tax was suspended as the account reached \$9 million. Total rate reduced back to \$0.04/42 gallon barrel
- 2013 The \$0.01/42 gallon barrel oil spill response tax was reimposed on January 1, 2013 and suspended April 1, 2013
- 2015 Beginning July 1, 2015, the oil spill tax imposed on crude oil or petroleum products at a marine terminal from a waterborne vessel or barge is extended to include these products received at a bulk oil terminal from a tank car (Engrossed Substitute House Bill 1449, Chapter 274, Laws of 2015, effective July 1, 2015).

Hazardous Waste Fees

- 1990 Annual fee of \$35 for generators of certain waste products
- 1991 Additional fee for the Department of Ecology
- 1995 Administration of the fee transferred to the Department of Ecology

ICF Tax

- 1991 Medicaid receipts of private and nonprofit hospitals subject to a tax of 20% to increase federal matching funds for Medicaid.
- 1992 Tax disallowed by the federal government; Another tax of 15% levied on the income of intermediate residential health care facilities for the mental retarded, rate reduced to 6% subject to order of federal government.

Fuel Oil Tax

- 1935 Tax of \$0.25/gallon enacted
- 1947 Tax repealed

Express Company Excise Tax

- 1907 Tax of 5% of gross receipts levied on express shipping companies enacted
- 1945 Tax repealed

Conveyance Tax

- 1935 Tax of \$0.50/\$500 of value imposed on the transfers of real property
- 1982 Tax increased to \$0.532
- 1985 Tax increased to \$1.00
- 1987 Tax repealed and incorporated into the real estate excise tax

Enhanced 911 Telephone Tax

- 1992 State tax of \$0.20/switched telephone access line enacted
- 1999 Collection of the tax shifted to the Department of Revenue
- 2003 State tax extended to wireless telephone lines; Additional state taxes applied to switched telephone lines of \$0.14/month for telephone assistance and \$0.19/month for telecommunications relay service
- 2011 Administration of county 911 taxes shifted to the Department of Revenue; Rate increased from \$0.50 to \$0.70/line.
- 2013 Legislation requires retailers of prepaid wireless telephone service to collect and remit the state and county 911 taxes. Legislation repeals the taxes funding the Washington Telephone Assistance and Telecommunications Relay Service programs; programs to be funded by the state general fund through appropriations.

Tribal Cigarette Taxes

- 2005 Compact negotiated to authorize the Puyallup Tribe to levy a tribal cigarette tax of

\$11.75/carton. 30% of the receipts are shared with the state and deposited into the general fund.