Retail Sales Tax

Interim Senate Committee on Finance & Revenue

January 13, 2026

LRO

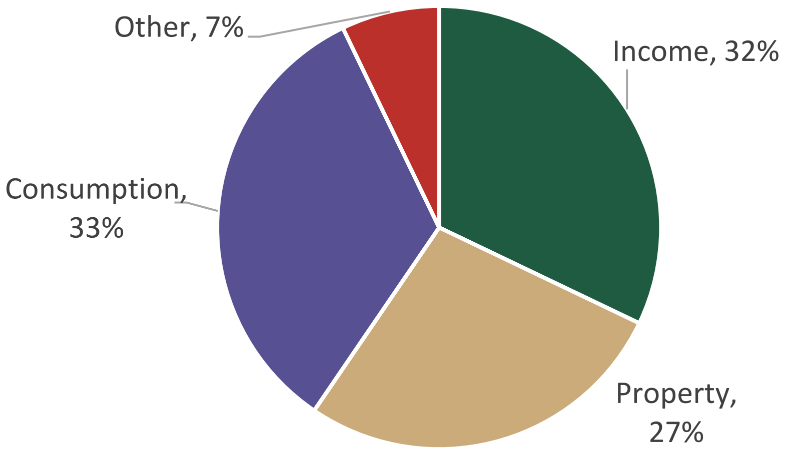
LEGISLATIVE REVENUE OFFICE

Terminology Review: Types of Taxes

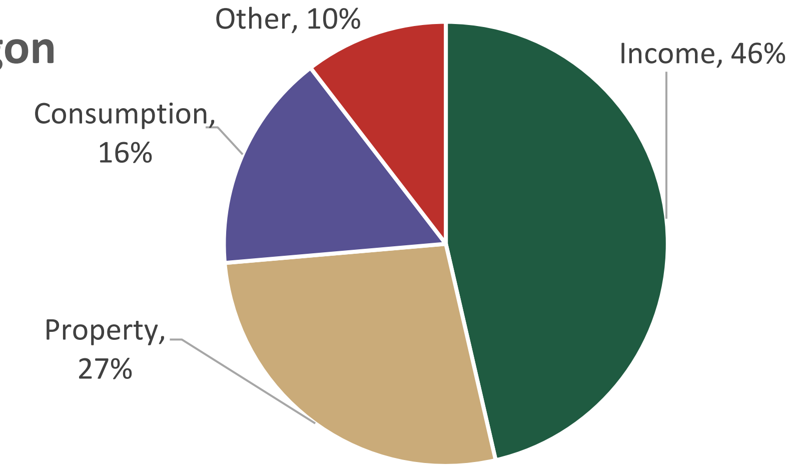
- **Income**
  - Taxes levied on the income of individuals or corporations/businesses
- **Property**
  - Taxes imposed on ownership of property and measured by its value
- **Consumption**
  - Sales: Taxes on goods and services, measured on the value of their transfer
    - General vs Selective
  - Excise: Taxes as an amount per unit sold (gallon, package, etc.)
  - Gross Receipts: Taxes on gross receipts or gross income
    - Delaware, Nevada, Ohio, Oregon, Tennessee, Texas, Washington
- **Other**
  - Estate, document, severance, license

State and Local (S&L) Tax Systems

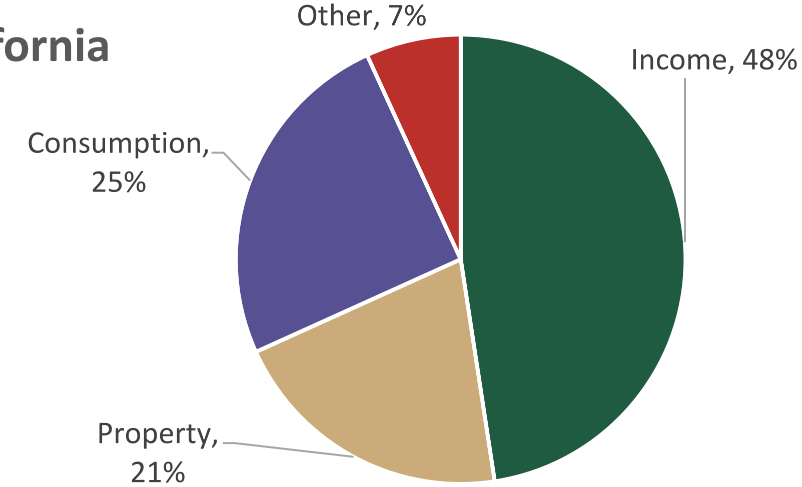
U.S.



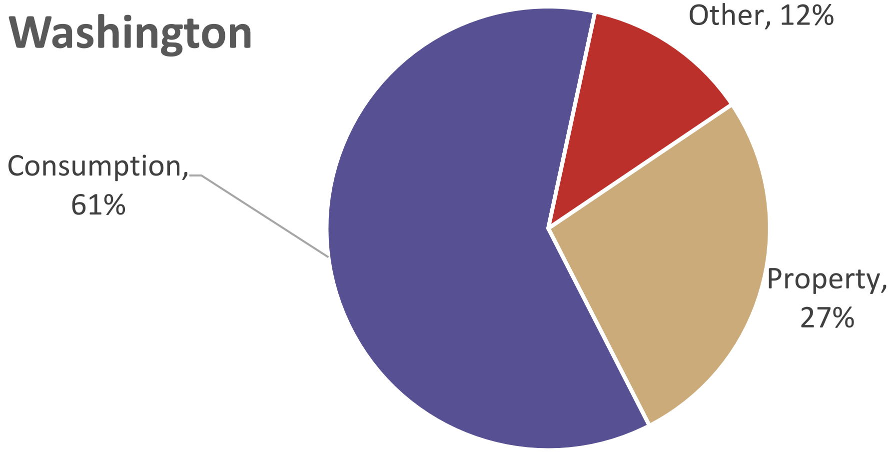
Oregon



California

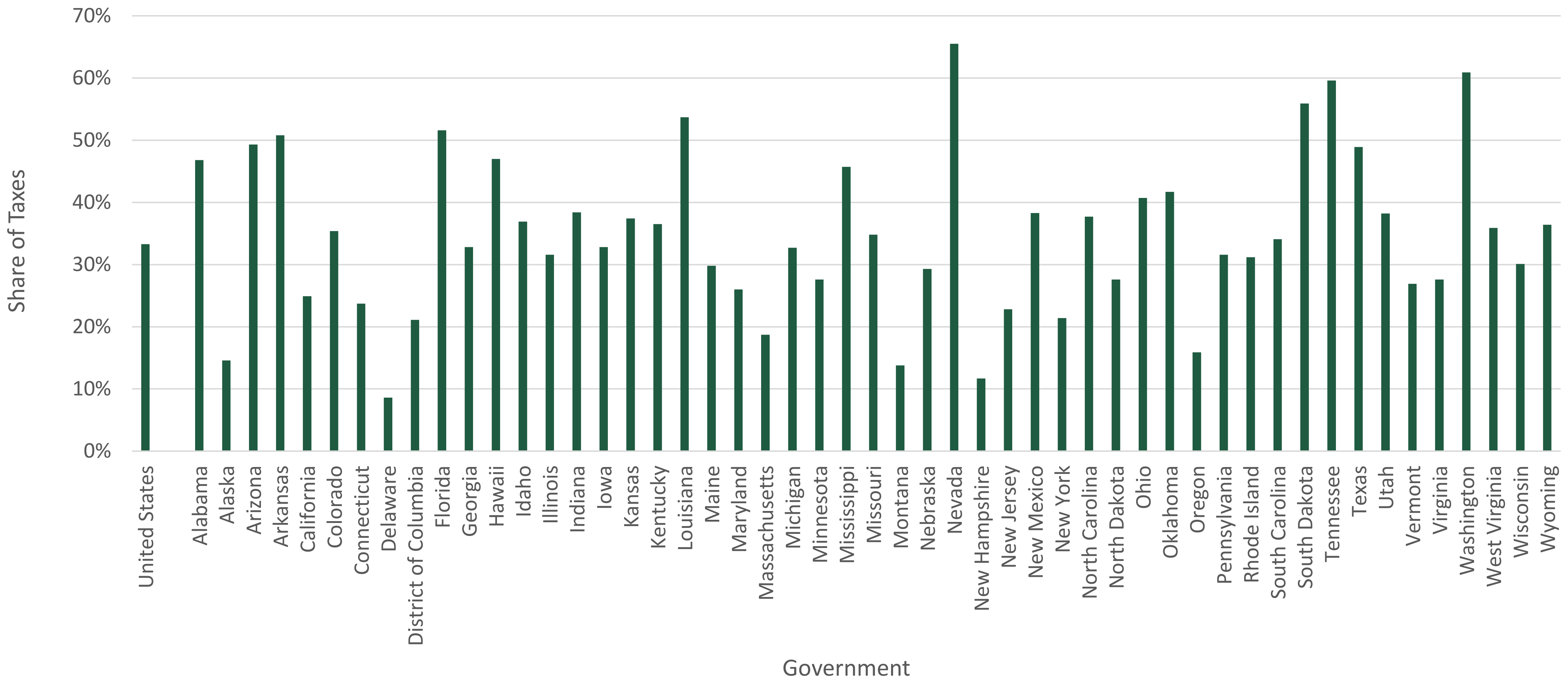


Washington



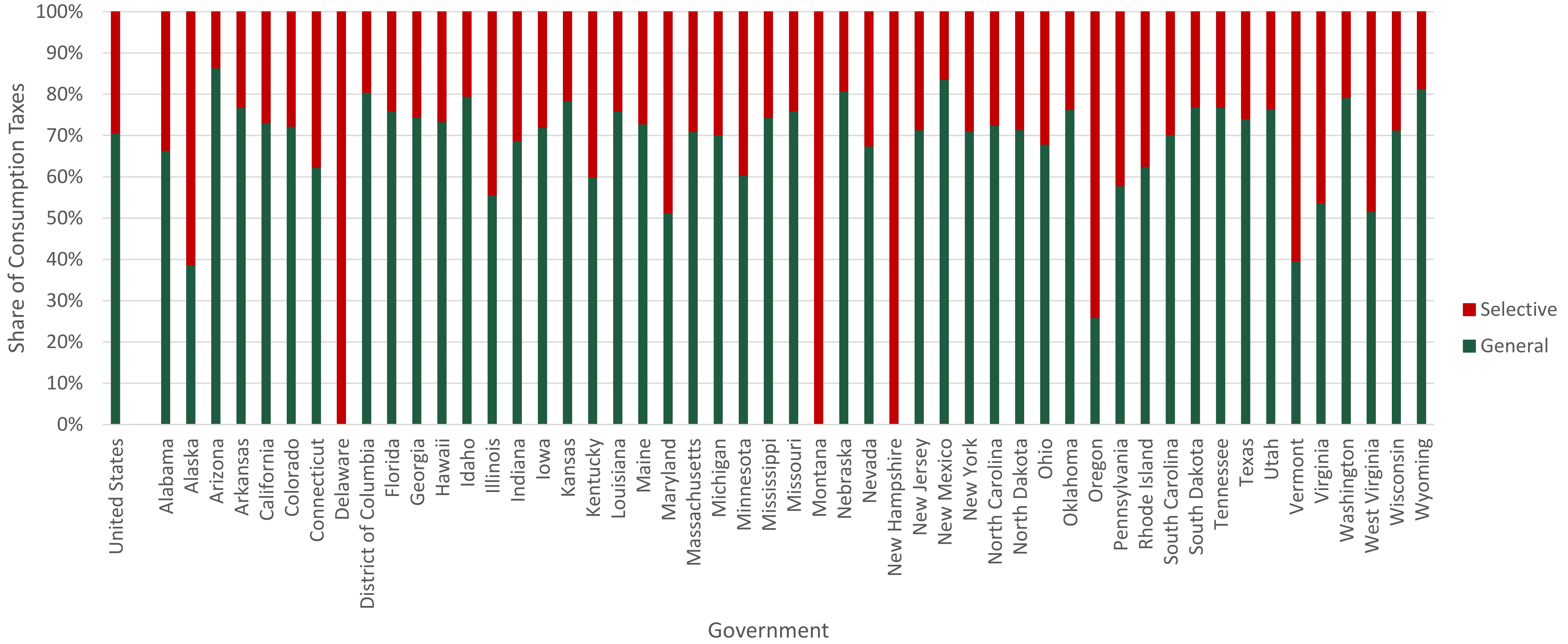
Source: Census, State and Local Government Finances, FY2022

Consumption Taxes as Share of S&L Taxes



Source: Census, State and Local Government Finances, FY2022

General Consumption vs Selective Sales Taxes (S&L)



Source: Census, State and Local Government Finances, FY2022

Washington and California Sales Tax Language

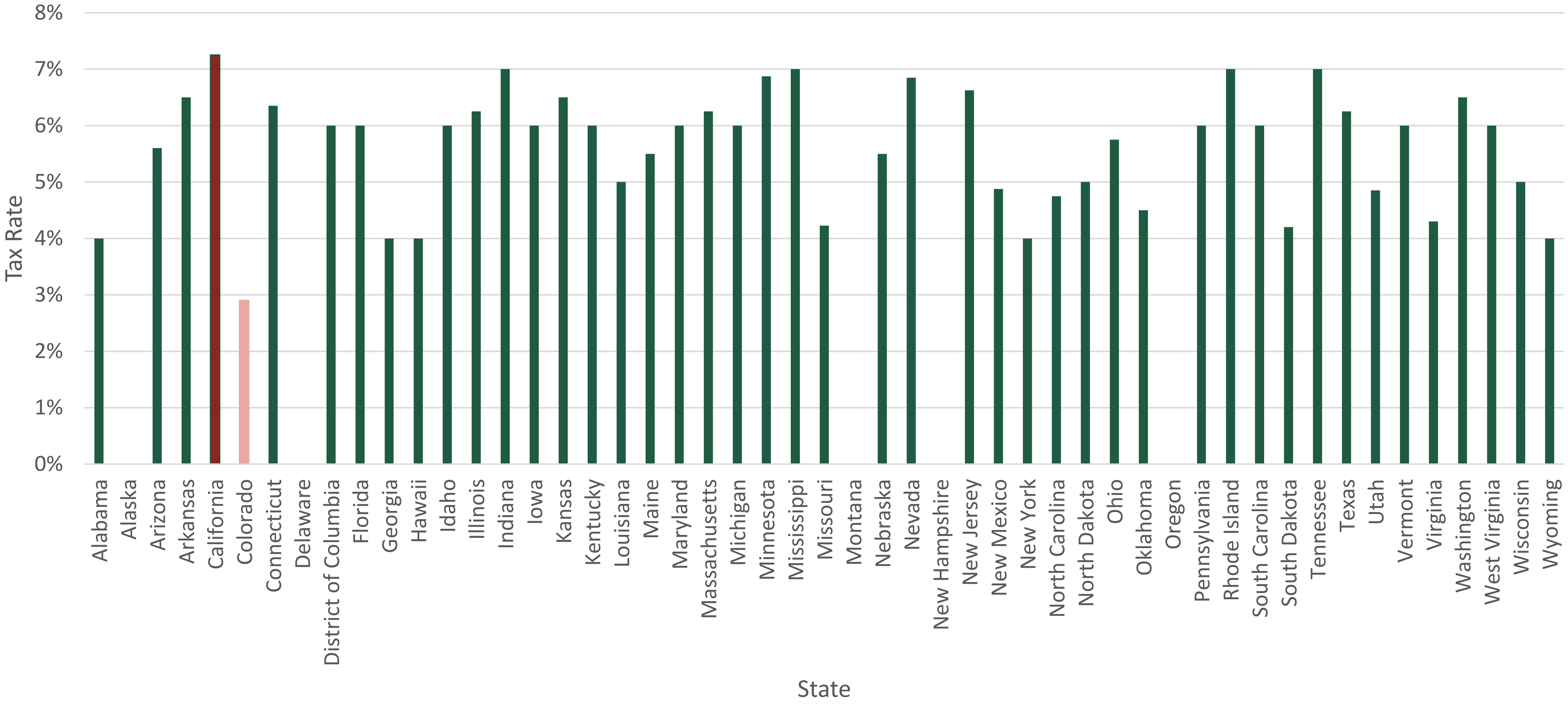
California

1. …every **retailer engaged in business in this state** and making sales of tangible personal property for storage, use, or other consumption in this state…shall…collect the tax from the purchaser and give to the purchaser a receipt…
   a) Has an office, distribution site, sample room, warehouse (i.e. physical location)
   b) Has an agent, salesperson, independent contractor, or solicitor in CA
2. If total sales of tangible personal property for delivery in CA exceed $500,000
3. Marketplace Facilitators

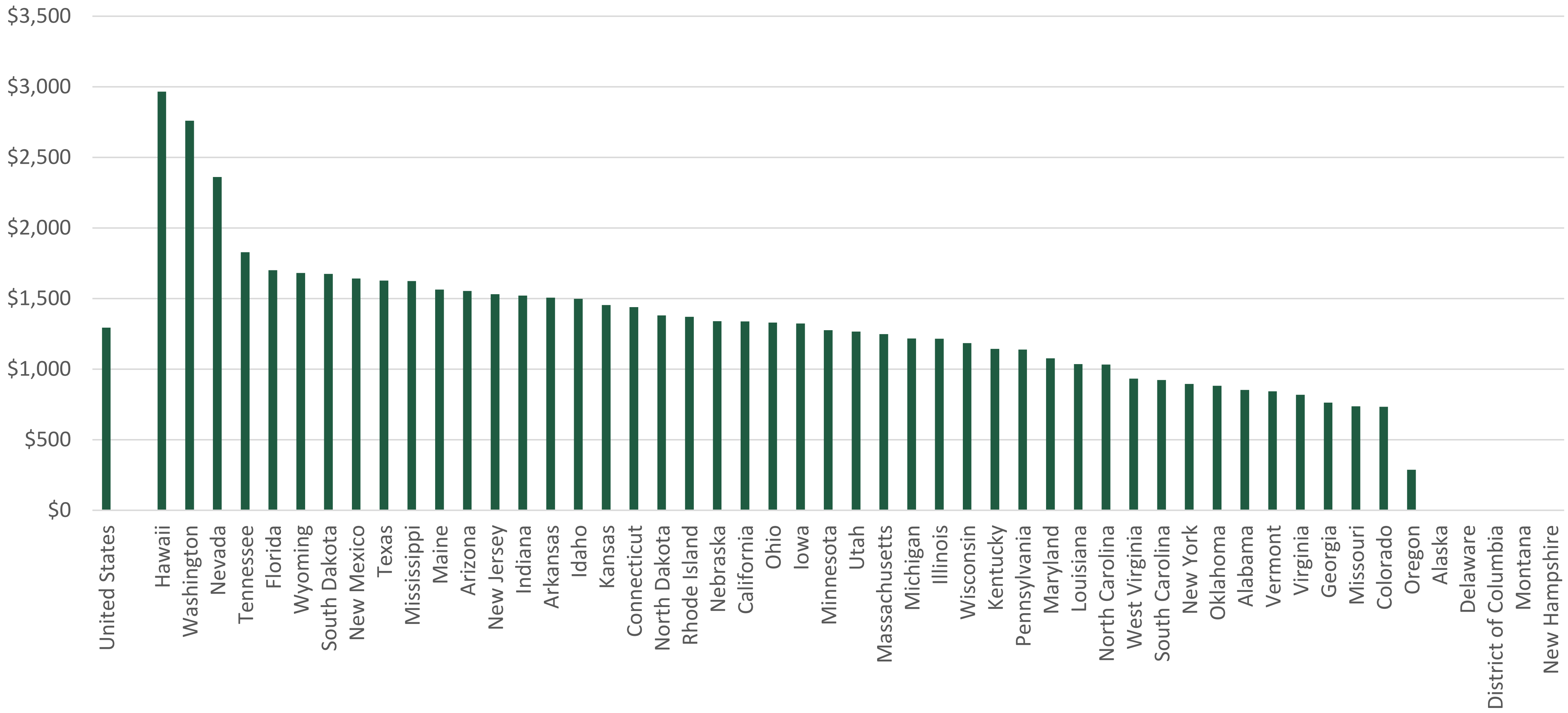
Washington

1. There is…a tax [of 6.5%] of the selling price on each retail sale in this state of:
   a) Tangible personal property;
   b) Digital goods, codes, automated services;
   c) [Other] Services;
   d) Extended warranties; and
   e) Anything else…included in the…definition of retail sale
2. Physical presence or a remote business with more than $100,000 in WA sales must remit the tax

State General Sales Tax Rates, 2026



State General Consumption Taxes, Per Capita, FY22



Streamlined Sales Tax Project

1. Purpose: to establish uniform sales and use tax standards, modernize sale and use tax laws, and make the burden of compliance the same for all sellers and all types of commerce
2. Initiated in March 2000 to develop a sales and use tax system that eases the burden of tax compliance for all retailers
3. Comprised of participating governments of most states and D.C.
4. There are three levels of participation that vary depending on participation in the project and conformance with the rules of the Streamlined Sales and Use Tax Agreement
5. https://www.streamlinedsalestax.org/

Questions?

Contact Information

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