

# Worries over move making Oregonians pay Washington sales tax

By Kate Davidson  
Oregon Public Broadcasting

SALEM (AP) — Oregonians, say goodbye to your Washington sales tax break — at least as you’ve come to know it.

Gone are the days of showing an Oregon ID at a Washington register and getting an automatic pass on sales tax. Starting July 1, Oregonians who shop in Washington must save their receipts if they want to get reimbursed later. Washington Gov. Jay Inslee signed the measure into law in May.

Washington leaders project the change will raise about \$54 million for their general fund over the next two years. But some business owners in Southwest Washington fear the revenue comes at their expense.

Their concern — and confusion — can be summed up in tractors and teak.

Skip Ogden owns Dan’s Tractors outside Battle Ground, Washington. He’s been at it for decades. He says he’s learned something about his Oregon customers: They hate paying sales tax.

“They walk in the door. They want some filters. You ring it up, you tell ‘em how much, and they say, ‘Oh, I’m from Oregon, no tax,’” he said in late June.

“Yeah, they’ll make you re-ring \$2, cause they don’t want to pay the extra 15 cents.”

In the days leading up to July 1, Ogden worried. He checked his records. Twenty percent of his business last year came from Oregon customers — more than \$1 million in gross revenue. If his customers don’t want to pay sales tax on an inexpensive

filter, why would they cross the river to pay 7.7% sales tax on a \$30,000 tractor with a front loader?

They like his service, but Oregonians don’t have to pay sales tax at home.

“I just think our legislators are out of touch with reality,” he said. “I think that they want money so bad that they’ll do anything to get it. But the ramifications on our local businesses in Clark County are extreme.”

Over in Vancouver, Washington, the sales tax change was keeping Don Thompson up at night.

“You know, wake up at 3 o’clock in the morning and wonder how it’s all gonna fit together,” he said.

Thompson owns the America the Beautiful Dreamer furniture store in Vancouver, Washington. He checked his records, too. This spring, about 40% of his business came from Oregon customers.

“Well, it’s a bit scary,” he said the week before the change. “If we have 40% of our business from Oregon, how much are we going to lose? 20%? 30%? I really have no idea. It’s kind of unnerving.”

Thompson has four children who work for him. He just refinanced his building. He wants to raise revenue not shrink it.

“I sent an email to the governor. I said ‘You’re the head salesman for the state of Washington. Give me one reason why a furniture store should operate in Clark County versus just moving to Portland,’” he said. “Vancouver/Clark County already loses half of their high-ticket sales to Portland because of the sales tax.”

For years, Washington lawmakers have been eyeing the automatic sales tax exemption for shoppers from places like Oregon with no sales tax. This year, the move to eliminate it passed, with exceptions.

Oregonians, Alaskans, some Canadians and others still won’t pay sales tax on cars, boats or farm equipment. Skip Ogden’s tractors are largely used by homeowners and builders, not farmers, so he won’t get much relief there.

But days before the automatic sales tax exemption ended, Ogden realized he could take advantage of another exception: Items delivered to Oregon apparently don’t count. Ogden’s relief was palpable. His tractors are often delivered.

The whole idea of the sales tax exemption was to keep Washington businesses competitive with their counterparts in sales-tax-free Oregon. Even the prime sponsor of the legislation ending the automatic exemption says border businesses have legitimate concerns. But state Sen. Christine Rolfes, D-Kitsap County, says that, in general, it’s a fairness issue.

“That is how Washingtonians feel about it — that everybody should be charged the same amount of

money when they purchase something,” she said.

Lawmakers’ first motivation was revenue. With no income tax, Washington relies more heavily on sales tax to bring in money. Democratic lawmakers pointed to a range of pressing funding needs, particularly education, but also mental health care, rape kit testing and orca recovery.

The second motivation, lawmakers said, was residents’ annoyance.

“It’s very unpopular with Washington residents that may be standing in a line,” and hearing Oregonians skip sales tax, said Democratic state Rep. Sharon Wylie of Vancouver. “And the people in line listening to this don’t care for it very much.”

This year, Wylie voted to get rid of the automatic exemption, despite having supported it in the past. She says she’s heard the concerns of the business community.

Lawmakers’ third motivation was the potential abuse of the system.

Some legislators fixed on the idea that people were misusing the sales tax exemption. They pointed to Washington residents undermining the tax base by using old Oregon IDs to skip sales tax. So they tried to make that harder.

“We didn’t get rid of the

exemption, but we changed the way it’s carried out,” Rolfes said.

Now instead of showing ID, shoppers from places without sales tax will have to save all their receipts and submit them once a year to get the 6.5% state sales back. Local sales tax can’t be recouped.

How many people will go to that trouble? The state’s fiscal analysis estimates only 21% of Oregon shoppers will bother to ask for their money back. That means the \$54 million in projected revenue relies largely on the inaction of Oregon shoppers.


Saving receipts is too much hassle for Michele King, of St. Helens, Oregon. She’s done it before, in her work life, and she doesn’t want to do it for her family.

“That’s a lot of work to expect a mom to do, frankly,” she said. “It’s too much.”


Until now, King has made a weekly shopping trip across the river to Longview, Washington. She hits the Walmart Supercenter for groceries and the Home Depot for supplies. She’s renovating a house and has a long summer shopping list: roof shingles, insulation, doors, cabinets, etc.

But now she says her money will stay in Oregon. She’d rather brave traffic than receipts.

  
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