

SENATE BILL REPORT

HB 1157

As Reported By Senate Committee On:
Ways & Means, March 23, 1995

Title: An act relating to sales and use tax exemptions for motor vehicles and trailers to be used for the purpose of transporting persons or property for hire.

Brief Description: Modifying sales and use tax exemptions regarding motor vehicles and trailers used for transporting persons or property for hire.

Sponsors: Representatives Van Luven and Sheldon; by request of Department of Revenue.

Brief History:

Committee Activity: Ways & Means: 3/22/95, 3/23/95 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, Moyer, Pelz, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Terry Wilson (786-7715)

Background: Under current law, interstate or foreign commerce carriers qualify for a retail sales and use tax exemption on motor vehicles or trailers purchased or leased in Washington. In order to qualify for the exemption, the carrier must document that the first use of the equipment is for an interstate or foreign haul and that the equipment will be used 25 percent of the time to transport people or property.

The state requires interstate and foreign commerce carriers to obtain both an Interstate Commerce Commission permit and a one-transit permit from the Department of Licensing. The retail sales and use tax is imposed on the purchase if the carrier fails to acquire a one-transit permit prior to moving the vehicle out of state over state roads.

Summary of Bill: The requirement that interstate and foreign commerce carriers obtain a one-transit permit or have the first use be an interstate or foreign haul in order to receive the retail sales and use tax exemption on motor vehicles or trailers purchased or leased in Washington is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: This is a way to cut down on business regulation and paperwork without affecting tax collections.

Testimony Against: None.

Testified: Ryan Spiller, Department of Revenue (pro).