

FINAL BILL REPORT

SHB 2858

C 145 L 98

Synopsis as Enacted

Brief Description: Reflecting current practice for payment of taxes on rental cars.

Sponsors: By House Committee on Transportation Policy & Budget (originally sponsored by Representatives Zellinsky and Fisher).

House Committee on Transportation Policy & Budget
Senate Committee on Transportation

Background: Rental cars are exempt from the motor vehicle excise tax (MVET). In addition to the state's retail sales tax, an additional tax on each retail car rental must be assessed. Revenue generated by this additional tax is distributed in the same manner as MVET revenue.

Summary: When a rental car is no longer used for rental purposes, the rental car company must alter the year and the month tabs on the car's license plates to render the plates void of any designation of year and month. When the retail sale of the vehicle occurs, the MVET is assessed for a full 12 months.

The Department of Licensing must convene a study group which includes representatives from the Department of Revenue, the rental car industry, and the franchised vehicle dealers' industry. The study group must assess the impact on tax revenues imposed by the rental car sales tax and the rental car exemption. The group must also assess whether the tax currently set on rental car transactions provides revenue neutrality.

The study group must report its findings and recommendations to the transportation committees of the House of Representatives and the Senate by December 31, 1998.

Votes on Final Passage:

House 96 0
Senate 49 0 (Senate amended)
House 96 0 (House concurred)

Effective: March 25, 1998