

SENATE BILL REPORT

SHB 2858

As Reported By Senate Committee On:
Transportation, March 2, 1998

Title: An act relating to payment of taxes on rental cars.

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

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

Brief History:

Committee Activity: Transportation: 2/25/98, 3/2/98 [DPA].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Prince, Chair; Benton, Vice Chair; Wood, Vice Chair; Goings, Haugen, Heavey, Horn, Jacobsen, Morton, Oke, Patterson, Prentice, Rasmussen and Sellar.

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Background: Currently, 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 shall be distributed in the same manner as MVET revenue.

Summary of Amended Bill: Rental car companies must alter year and month tabs to render the plate void of any designation of year and month. The Department of Licensing must enact rules for the process of alteration. When the retail sale of the vehicle occurs, 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.

Amended Bill Compared to Substitute Bill: Rental car companies must alter year and month tabs to render the plate void of any designation of year and month. An emergency clause is added to the bill because the current process causes public confusion and the Department of Licensing plans to start a new process by April 1, 1998.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Everyone has worked together on this issue to find a common solution.

Testimony Against: None.

Testified: PRO: Representative Paul Zellinsky, prime sponsor; Jim Boldt, WA Auto Dealers; Rick Jensen, Car and Truck Rental and Leasing Association.