

HB 1115

Bill Analysis

January 26, 1999

Brief Description: Granting business and occupation tax exemptions for wholesale transactions involving motor vehicles at auctions.

Bill Sponsors: Representatives Schoesler, Mulliken, Grant, Sheahan, Carrell, Benson, Gombosky, Cairnes, Delvin, Dunn and D. Sommers.

Brief Summary of HB 1115

- Exempts out-of-state car dealers and leasing companies from business and occupation tax on sales at car auctions.

Staff: Rick Peterson, 786-7150.

Background: Washington's major business tax is the business and occupation (B&O) tax. Although there are several different rates, the rate on manufacturing, wholesaling, and extracting is 0.484 percent.

The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Out-of-state companies that bring goods into Washington and sell these goods in Washington are subject to the B&O tax.

In 1997, the Legislature exempted from B&O tax wholesales of vehicles owned by motor vehicle manufacturers and their financing subsidiaries when sold to dealers at auto auctions.

Summary of Bill: A B&O tax exemption is provided for independent motor vehicle leasing

companies not located in Washington and motor vehicle dealers licensed by and located in another state on amounts received from the sale of motor vehicles at wholesale auctions to dealers licensed in this or another state.

Appropriation: None.

Fiscal Note: Available.

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