

FINAL BILL REPORT

HB 1582

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Synopsis as Enacted

Brief Description: Exempting certain motorcycles used for training from the use tax.

Sponsors: By Representatives Hatfield, Delvin, Cooper, Ericksen, Linville, Kenney, Rockefeller and Lisk; by request of Department of Licensing.

House Committee on Finance
Senate Committee on Transportation

Background:

The use tax is imposed on items used in the state that were not subject to the retail sales tax. Tax liability arises when property is first put to use in the state, whether the property is purchased by a seller that is not required to collect sales tax, is received as a gift, is extracted or manufactured and used by the extractor or manufacturer, or is acquired by bailment, which is the act of placing property in the custody and control of another. The state and local rates are the same as those imposed under the retail sales tax. The state rate is 6.5 percent and local rates vary from 0.5 percent to 2.3 percent. Use tax is paid directly to the Department of Revenue.

All items in the use tax base are subject to the tax unless specifically exempted. An exemption is provided to the use of property donated to a state or local governmental entity, and to the subsequent use of the same property by a person to whom the property is loaned, as long as the person's use is consistent with the purpose for which the property was originally donated.

The Department of Licensing (DOL) operates a voluntary motorcycle operator training and education program. The DOL is authorized to contract with private individuals for the instruction. Under the use tax exemption for property donated to the department, the department pays no use tax on motorcycles donated to the department. However, motorcycles that are loaned to private individuals who provide training under contract with the department are subject to the use tax.

Summary:

An exemption from the use tax is provided for the use of motorcycles that are obtained by the Department of Licensing (DOL) or by persons under contract with the DOL to provide motorcycle training under the motorcycle operator training and education program.

Votes on Final Passage:

House 93 0

Senate 48 0

Effective: July 22, 2001