

# FINAL BILL REPORT

## HB 2453

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C 81 L 04

Synopsis as Enacted

**Brief Description:** Modifying the taxation of wholesale sales of new motor vehicles.

**Sponsors:** By Representatives Fromhold, Roach and Condotta.

**House Committee on Finance**

**Senate Committee on Ways & Means**

**Background:**

Washington's major business tax is the business and occupation (B&O) tax. 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. Although there are several different rates, the rate on wholesaling is 0.484 percent and the rate on retailing is 0.471 percent.

Motor vehicle dealers are exempt from B&O tax on wholesales of used vehicles at auto auctions. New car dealers are exempt on wholesales of new motor vehicles to other new car dealers if the transaction enables dealers to adjust their inventory. The price may not exceed the acquisition cost to the selling dealer plus any car preparation expenses.

**Summary:**

New car dealers are exempt from B&O tax on wholesales of new motor vehicle to other new car dealers selling vehicles of the same make. The requirements that the purpose of the sale is for inventory adjustment and that the price is limited to cost are eliminated.

**Votes on Final Passage:**

House	95	0
Senate	45	0

**Effective:** March 22, 2004