

HOUSE BILL REPORT

HB 2040

As Reported by House Committee On:
Finance

Title: An act relating to the tax exemption for sales of motorcycles and off-road vehicles to nonresidents.

Brief Description: Modifying the tax exemption for sales of motorcycles and off-road vehicles to nonresidents.

Sponsors: Representatives Woods, Simpson, Orcutt, Eickmeyer, Holmquist and Curtis.

Brief History:

Committee Activity:

Finance: 3/1/05, 3/7/05 [DP].

Brief Summary of Bill

- Exempts motorcycles and off-road vehicles from sales tax if transported out-of-state in a vehicle or trailer owned by a nonresident.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 8 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Conway, Ericksen, Hasegawa and Santos.

Staff: Bob Longman (786-7139).

Background:

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail in this state. The tax is paid by the purchaser and collected by the seller. An exemption from retail sales exists for sales of motor vehicles, trailers, or campers to nonresidents for use outside of this state, even though delivery is made within this state. This exemption applies only if the motor vehicle, trailer, or camper will be transported directly out of the state under a one-transit permit obtained from the Department of Licensing, and will be licensed immediately in the state where the purchaser resides.

Summary of Bill:

A motorcycle or off-road vehicle is exempt from retail sales tax if it will be used outside this state and will be transported out of this state using a motor vehicle licensed in the purchaser's state of residence.

Appropriation: None.

Fiscal Note: Available..

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill fixes a glitch in the law that requires a trip permit for vehicles taken out-of-state, even though the vehicles won't be driven on the road. Many dealers did not know about this requirement until they were audited and hit with back taxes and penalties. This bill will restore common sense to the requirements for sales of motorcycles and off-road vehicles to nonresidents. There will be no real fiscal impact as the state shouldn't be collecting taxes and penalties for failure to comply with unreasonable requirements.

Testimony Against: None.

Persons Testifying: Representative Sullivan, prime sponsor; and Brian Nilsen, Brothers Powersports.

Persons Signed In To Testify But Not Testifying: None.