

SENATE BILL REPORT

SB 5072

As of February 5, 2013

Title: An act relating to a sales and use tax exemption for disabled veterans and members of the armed forces for certain equipment and services that assist physically challenged persons to safely operate a motor vehicle.

Brief Description: Concerning a sales and use tax exemption for disabled veterans and members of the armed forces for certain equipment and services that assist physically challenged persons to safely operate a motor vehicle.

Sponsors: Senators Delvin, Hobbs, Baumgartner, Becker, Carrell, Roach, Schoesler, Holmquist Newbry, Hatfield, Hewitt, Shin, Keiser and Rolfes.

Brief History:

Committee Activity: Ways & Means: 1/30/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property, digital products, and some services when used in this state. The state sales and use tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

The United States Department of Veteran's Affairs (VA) has a program that provides automobile adaptive equipment and training necessary for disabled veterans or active servicepersons with certain injuries to enter, exit, and operate a motor vehicle. The program pays for equipment and training by way of grants. The VA is required to pay the benefit to the seller of the vehicle and cannot make payment to the veteran or serviceperson. The adaptive equipment that is installed on a vehicle is subject to the sales and use tax.

Summary of Bill: A sales and use tax exemption is provided for prescribed add-on automotive adaptive equipment, including charges for labor and services in respect to

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installation and repair of such equipment. The exemption only applies if the eligible purchaser is reimbursed in whole or part for the purchase by the VA.

The eligible purchaser must be a veteran, or member of the armed forces serving on active duty, who is disabled, regardless of whether the disability is service connected as defined by federal statute.

Add-on automotive adaptive equipment is equipment installed in, and modifications made to, a motor vehicle, that are necessary to assist physically challenged persons to enter, exit, or safely operate a motor vehicle.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2013

Staff Summary of Public Testimony: PRO: The Department of Revenue instituted a use tax on this equipment just this year. Forty-six other states do not impose this tax. Veterans are getting this equipment by the VA, waiting to be installed by the vendor, but they have to pay hundreds of dollars in use tax. Veterans and retired military are going to Oregon to get this equipment because they don't charge a use tax. Washington will make money by passing this bill. Since this tax has come into play there are unhappy veterans not able to get the equipment, and business is going to Oregon. There is no alternative but to charge the veterans the tax. The Veterans Legislative Coalition has reviewed this bill and is in favor of the bill. This equipment is vital for veterans to get to work and be with their families. This is like having a use tax on legs. There is no sense in having this tax. We have a minor amendment we would like to propose and that is for military retirees getting benefits through Tricare.

Persons Testifying: PRO: Skip Dreps, citizen; Amanda Riveira, Absolute Mobility Center; Ernest Butler, Northwest Chapter Paralyzed Veterans of America; Mike Partridge, Veterans Legislative Coalition.