

FINAL BILL REPORT

2SHB 2269

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Synopsis as Enacted

Brief Description: Concerning tax relief for adaptive automotive equipment for veterans and service members with disabilities.

Sponsors: House Committee on Finance (originally sponsored by Representatives Kilduff, Muri, Kraft, Stanford, Eslick, McBride, Sawyer, Orcutt, Haler, Senn, Reeves, Young, Ryu and Doglio).

House Committee on Community Development, Housing & Tribal Affairs
House Committee on Finance
Senate Committee on Ways & Means

Background:

Veteran Automobile Adaptive Equipment Program.

The United States Department of Veterans Affairs' (VA) Automobile Adaptive Equipment program provides equipment and training for physically challenged veterans to enter, exit, and safely operate motor vehicles. The VA reimburses qualifying veterans who purchase special equipment installed in the veteran's own motor vehicle, including wheelchair lifts, under vehicle lifts, power door openers, lowered floors and raised roofs, raised doors, hand controls, left foot gas pedals, reduced effort and zero effort steering and braking, digital driving systems, and standard power equipment.

State Sales and Use Tax Exemption for Add-On Automobile Adaptive Equipment.

The state levies a tax on the retail sale of tangible personal property, digital goods, and certain services within the state. A taxable retail sale also includes the installation, repair, alteration, or improvement made to a consumer's personal property. The state sales and use tax rate is 6.5 percent. Counties and cities are authorized to impose an additional sales and use tax at a lesser rate than the state rate.

In 2013 legislation was enacted creating a sales and use tax exemption for the sale of add-on automotive adaptive equipment purchased by the VA, or other federal agency, for an eligible disabled veteran or disabled active service member. The exemption applies to equipment prescribed by a doctor that assists in the entry, exit, or safe operation of a motor vehicle, including the service for installing and repairing the equipment, but not including equipment installed by the manufacturer of the motor vehicle. The seller must obtain an exemption

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certificate from the eligible purchaser in order to deduct the exempt sale from the gross sales reported on the seller's tax return.

Expiration and Review of the Tax Exemption.

The add-on automotive adaptive equipment exemption is scheduled to expire July 1, 2018. In 2017 the Joint Legislative Audit and Review Committee (JLARC) completed a Tax Performance Review report on this exemption. The JLARC found that in 2016, the VA processed 185 applications from Washington residents for the Automobile Adaptive Equipment program. The JLARC estimated that the total amount of taxes exempted for the last three reported fiscal years (FY) included: \$186,000 (FY 2014); \$176,000 (FY 2015); and \$194,000 (FY 2016).

Summary:

The expiration of the sales and use tax exemption on add-on automotive adaptive equipment is extended until July 1, 2028. The JLARC is directed to perform a Tax Preference Performance Review before the expiration of the exemption.

Votes on Final Passage:

House	98	0
Senate	49	0

Effective: June 7, 2018