

SENATE BILL REPORT

SB 6019

As of February 20, 2018

Title: An act relating to exempting electronic tolling passes from sales and use taxes.

Brief Description: Exempting electronic tolling passes from sales and use taxes.

Sponsors: Senator Fortunato.

Brief History:

Committee Activity: Ways & Means: 2/22/18.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Exempts electronic toll passes from sales and use taxes.
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SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Sales and Use Tax. 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 user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 1.0 percent to 3.3 percent, depending on the location.

Toll Facilities. The Department of Transportation (DOT) uses a photo toll system that reads a vehicle license plate at toll facilities within the state, including the State Route 520 Floating Bridge, the Tacoma Narrows Bridge, the State Route 167 High Occupancy Toll Lanes Project, and the I-405 High Occupancy Toll Lanes. Vehicle owners are automatically assessed a toll for using any of these toll facilities.

Motorists may open a Good To Go! account with DOT for automatic payment of all tolled facilities in Washington. Good To Go! accounts utilize electronic toll equipment, known as transponders or passes, that are linked to pre-paid accounts and allow motorists to

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automatically pay the toll rate on tolled facilities without stopping or slowing. Good To Go! electronic passes may be purchased online, at customer service centers, and at participating retail stores for \$5 to \$15 plus tax, depending on what kind of pass you choose to buy. If the vehicle does not have a Good To Go! pass, then the registered owner of the vehicle receives a toll bill in the mail.

Summary of Bill: Tangible personal property that is used in a vehicle as part of an electronic toll collection system is exempt from retail sales and use taxes.

Electronic toll collection system means a system operated by DOT that collects tolls by crediting or debiting funds from a customer's unique prepaid tolling account.

The Department of Revenue must refund within one year before the effective date of this act any tax levied on the sales or use of tangible personal property that is used in a vehicle as part of an electronic toll collection system.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on July 1, 2018.