

HOUSE BILL REPORT

HB 1347

As Reported by House Committee On:
Finance

Title: An act relating to vehicle reseller permits.

Brief Description: Concerning vehicle reseller permits.

Sponsors: Representatives Barkis, Kirby, Volz, Vick and Springer.

Brief History:

Committee Activity:

Finance: 2/5/19, 2/7/19 [DP].

Brief Summary of Bill

- Authorizes the use of a reseller permit when transferring a certificate of title to a vehicle to substantiate that use tax is not owed on the transaction.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 13 members: Representatives Tarleton, Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Young, Assistant Ranking Minority Member; Chapman, Frame, Macri, Morris, Orwall, Springer, Stokesbary, Vick and Wylie.

Staff: Tracey O'Brien (786-7152).

Background:

Retail 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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities 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 0.5 percent to 3.9 percent, depending on the location.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department of Revenue (DOR) may designate county auditors as collecting agents for use taxes owed as the result of a vehicle sale or transfer. If so designated, the auditors must collect the use tax at the time a person applies for a transfer of title to a vehicle. If the person shows a dealer's report of sale demonstrating retail sales tax was paid, a statement from the DOR showing no use tax is legally owed, or otherwise demonstrates retail sales or use tax has been paid by the person on the vehicle, the auditors are not obligated to collect the use tax.

Reseller Permit.

Reseller permits are free for businesses that make wholesale purchases. The permit allows business to purchase items or services without paying sales or use tax. A reseller permit is generally valid for four years. However, a reseller permit is only valid for two years if the business is a contractor, has been open for less than 12 months, has not reported gross income in the last 12 months, was on active non-reporting status at the time the reseller permit application was received, or has failed to file tax returns during the last 12 months.

Summary of Bill:

A reseller permit issued by the DOR may be presented at time of transfer of certificate of title to a vehicle to substantiate that use tax is not owed on the transaction.

A "rental trailer" is defined as a trailer that is used solely by a rental car business for the rental to others for a period of time of not more than 30 consecutive days.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The Department of Licensing's (DOL) new system did not include rental trailers in the information available for the county auditors. This bill provides a simple solution until the DOL's system has rental trailer information included. This will help taxpayers by allowing people exempt from paying sales or use tax on a rental trailer or vehicle to simply produce a reseller's permit to the county auditor when applying for the transfer of certificate of title.

(Opposed) None.

Persons Testifying: Representative Barkis, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.