

# SENATE BILL REPORT

## SB 6115

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As of January 21, 2020

**Title:** An act relating to off-road vehicle registrations.

**Brief Description:** Concerning off-road vehicle registrations.

**Sponsors:** Senators Takko, Warnick, Hobbs, Van De Wege, Wilson, L. and Sheldon.

**Brief History:**

**Committee Activity:** Transportation: 1/20/20.

**Brief Summary of Bill**

- Eliminates the registration exemption for an out-of-state owner of an off-road or wheeled all-terrain vehicle under certain conditions.
- Makes other changes to laws dealing with failure to register an off-road vehicle.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Bryon Moore (786-7726)

**Background:** Off-Road Vehicles. Off-road vehicles (ORVs) are vehicles that are used for recreational purposes on nonhighway roads, trails, and other natural terrain. ORVs include all-terrain vehicles (ATVs), certain motorcycles, dune buggies, and certain four-wheel drive vehicles.

An owner of an ORV who is a Washington resident must apply for a certificate of title for the vehicle after purchasing it in Washington or bringing the vehicle to the state for the first time. Among other things, the Department of Licensing (DOL) requires for titling purposes the manufacturer's statement or certificate of origin, an official document from the manufacturer that indicates:

- the country of origin;
- the first conveyance of the vehicle after its manufacture;
- the model year;
- the make;
- an indication that the vehicle was not manufactured for on-road use; and

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*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.*

- several other pieces of information.

At the time of application for title, DOL will also require the owner to pay state and local use tax on the vehicle, based on the selling price, if the owner has not already paid sales tax on the vehicle at the time of purchase.

An owner of an ORV that wishes to operate the vehicle in the state must first register the vehicle with DOL and pay an \$18 fee. DOL will issue a decal to the owner of an ORV, except for the owner of a wheeled ATV to whom DOL will issue a metal tag. The decal or metal tag serves the same function as a license plate for on-road vehicles within Washington and, for states having reciprocal laws governing out-of-state ORVs, allows the owner to operate the vehicle in that state. The penalty for a resident that operates an ORV without proper registration is a traffic infraction, with a fine of at least \$25.

Current law specifies that failure to apply for a Washington state certificate of title for, or to knowingly fail to register, an off-road vehicle within 15 days of receiving or refusing a notice issued by DOL is a gross misdemeanor.

An out-of-state owner of an ORV or ATV that is properly registered or permitted in another state may operate the vehicle in Washington if the other state has a reciprocal law allowing out-of-state residents with properly registered or permitted vehicles to operate there.

Temporary Off-Road Vehicle Use Permits. An alternative to registering an ORV is the purchase of a temporary use permit provided that have the title to the vehicle. An ORV may be titled without being currently registered to get the temporary permit. Non-residents may also get a temporary permit. The permit is valid for 60 days from the date of issuance and the temporary ORV use permit fee is \$15.75.

Motorsport Vehicle Manufacturers and Related Department of Licensing Responsibilities. State law regulates the franchise relationship between motorsport vehicle manufacturers and dealers. A motorsport vehicle is an umbrella term that includes motorcycles, mopeds, motor-driven cycles, personal watercraft, snowmobiles, and four-wheeled ATVs. Motorsports vehicle manufacturers are required to report annually to DOL, by the first business day in February a listing of all warranties for ORVs and snowmobiles sold to Washington residents by out-of-state dealers in the previous calendar year.

DOL must examine the warranties listing provided by motorsports vehicle manufacturers to verify whether the vehicles are properly registered. By the end of February of each year, DOL must notify the owner of the warranty of any ORV or snowmobile not properly registered of the owner's obligations under state law, as well as the penalties for failure to comply with the law.

**Summary of Bill:** The Washington registration exemption for an out-of-state owner of an ORV or ATV, that is properly registered or permitted in another state with comparable registration requirements, is eliminated for residents of a state that borders Washington, and that does not impose a retail sales and use tax on the sales or use on these vehicles.

DOL must transmit their analysis of the ORV warranties list to the Department of Revenue (DOR). DOL and DOR are required to jointly notify the owner of the warranty of any ORV or snowmobile not properly registered of the owner's obligations under state law, as well as the penalties for failure to comply with the law.

Registering an off-road vehicle in another state to avoid retail sales and use taxes is specifically added as a gross misdemeanor. For a second or subsequent offense, the penalty is subject to a fine equal to four times the amount of avoided taxes and fees, which may not be suspended unless the person is participating in a county failure to register deferral program.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2020.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: While well intentioned, the reciprocity provisions have created a loophole that causes lost ORV and snowmobiles sales of \$30 million and it also means fewer tax dollars are collected. Additionally the registration fee revenue is lost which supports the maintenance of recreation areas. The problem is increasing based on increasing numbers produced by DOL. This bill closes the loophole and will help with enforcement. This will also help local governments recover lost revenue.

CON: This bill should be tabled and the parties should work together over the interim on a better solution. Tax avoidance is a major issue, but the ORV registration requirements in current law already address the issue of the requirement to register your vehicle and pay the sales and use tax. The real need is for enforcement and education of the current law requirements. Reciprocity is very important to promoting the recreational use of Washington lands and promoting tourism opportunities. We should first work to overhaul the complexity of the ORV registration system and a variety of other related issues. This bill is premature in that effort.

**Persons Testifying:** PRO: Senator Dean Takko, Prime Sponsor; Grant Nelson, Washington State Motorsports Dealers Association; John Jabusch, Pro Caliber Motorsports; Ted Jackson, WATV Access Coalition & Washington ATV Association.

CON: Jakob Perry, Washington Off Highway Vehicle Alliance.

**Persons Signed In To Testify But Not Testifying:** No one.