

SENATE BILL REPORT

SB 6491

As of February 15, 2020

Title: An act relating to exempting electric boat motors from sales and use tax.

Brief Description: Exempting electric boat motors from sales and use tax.

Sponsors: Senator Mullet.

Brief History:

Committee Activity: Ways & Means: 2/20/20.

Brief Summary of Bill

- Exempts certain electric boat motors from sales and use tax until January 1, 2030.

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 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 depending on the location.

Tax Preference Performance Requirements. State law provides for a range of tax preferences that confer reduced tax liability for certain designated taxpayers. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Unless specifically exempted otherwise, legislation establishing or expanding a tax preference must include a tax preference performance statement identifying its public policy objective and provides certain metrics used by the Joint Legislative Audit and Review Committee in evaluating the effectiveness of the preference. If an exemption or specific expiration date is not provided in the enacting legislation, all new tax preferences automatically expire after ten years.

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.

Summary of Bill: Integrated electric boat motors are exempt from sales and use tax.

"Integrated electric motor" means a main or auxiliary watercraft propulsion system that contains a motor, battery, charger, and gear reduction device in a single unit.

The exemption expires January 1, 2030.

Appropriation: None.

Fiscal Note: Requested on January 20, 2020.

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

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