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## Finance Committee

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### HB 1112

**Brief Description:** Expanding a use tax exemption for new Washington residents and nonresident members of the armed forces.

**Sponsors:** Representatives Dent, Chapman, Corry, Young and Graham.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Expands the use tax exemption for new residents and nonresident military personnel to include tangible personal property, with some exceptions.</li></ul>
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**Hearing Date:** 1/25/21

**Staff:** Nick Tucker (786-7383).

**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.

New Resident & Nonresident Military Personnel Use Tax Exemption.

New residents and nonresident military personnel are exempt from paying use tax on household goods, digital goods, digital codes, personal effects, private motor vehicles, and services

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rendered in respect to such property if such property and services were acquired and used more than 90 days prior to entering the state.

**Summary of Bill:**

New residents and nonresident military personnel are exempt from paying use tax on tangible personal property, digital goods, digital codes, and services rendered in respect to such property if such property and services were acquired and used more than 90 days prior to entering the state.

The exemption does not apply to vessels 30 feet or longer, aircraft, business vehicles, or vehicles used primarily for business purposes.

The provisions of the bill apply prospectively only.

**Appropriation:** None.

**Fiscal Note:** Requested on January 11, 2021.

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