
SENATE BILL 5073

State of Washington

69th Legislature

2025 Regular Session

By Senators Fortunato, Christian, McCune, Wagoner, and J. Wilson

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1 AN ACT Relating to dedicating the sales tax on motor vehicles to
2 highway uses; amending RCW 82.08.020, 82.12.020, and 46.68.090;
3 providing an effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.08.020 and 2022 c 16 s 145 are each amended to
6 read as follows:

7 (1) There is levied and collected a tax equal to six and five-
8 tenths percent of the selling price on each retail sale in this state
9 of:

10 (a) Tangible personal property, unless the sale is specifically
11 excluded from the RCW 82.04.050 definition of retail sale;

12 (b) Digital goods, digital codes, and digital automated services,
13 if the sale is included within the RCW 82.04.050 definition of retail
14 sale;

15 (c) Services, other than digital automated services, included
16 within the RCW 82.04.050 definition of retail sale;

17 (d) Extended warranties to consumers; and

18 (e) Anything else, the sale of which is included within the RCW
19 82.04.050 definition of retail sale.

20 (2) There is levied and collected an additional tax on each
21 retail car rental, regardless of whether the vehicle is licensed in

1 this state, equal to five and nine-tenths percent of the selling
2 price. The revenue collected under this subsection must be deposited
3 in the multimodal transportation account created in RCW 47.66.070.

4 (3) (a) Beginning July 1, 2003, there is levied and collected an
5 additional tax of three-tenths of one percent of the selling price on
6 each retail sale of a motor vehicle in this state, other than retail
7 car rentals taxed under subsection (2) of this section. The revenue
8 collected under this subsection must be deposited in the multimodal
9 transportation account created in RCW 47.66.070.

10 ~~((4))~~ (b) For purposes of this subsection ~~((3) of this~~
11 ~~section)),~~ "motor vehicle" has the meaning provided in RCW 46.04.320,
12 but does not include:

13 ~~((a))~~ (i) Farm tractors or farm vehicles as defined in RCW
14 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is
15 for use in the production of ~~((cannabis))~~ marijuana;

16 ~~((b))~~ (ii) Off-road vehicles as defined in RCW 46.04.365;

17 ~~((c))~~ (iii) Nonhighway vehicles as defined in RCW 46.09.310;

18 and

19 ~~((d))~~ (iv) Snowmobiles as defined in RCW 46.04.546.

20 (4) (a) Beginning July 1, 2025, all revenue collected under
21 subsection (1) of this section on each new and used retail sale of a
22 vehicle in this state, including private-party sales, but excluding
23 retail car rentals taxed under subsection (2) of this section, must
24 be deposited in the motor vehicle fund. All revenue collected under
25 this subsection may only be used for highway purposes as defined in
26 RCW 46.68.130. For the purposes of this subsection, "highway
27 purposes" also includes preservation.

28 (b) For purposes of this subsection, "vehicle" has the meaning
29 provided in RCW 46.04.670 including, but not limited to, passenger
30 vehicles, light trucks, commercial vehicles, travel trailers,
31 recreational vehicles, intermittent use trailers, motorcycles, and
32 campers, but "vehicle" does not include:

33 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
34 and 46.04.181, unless the farm tractor or farm vehicle is for use in
35 the production of marijuana;

36 (ii) Off-road vehicles as defined in RCW 46.04.365;

37 (iii) Nonhighway vehicles as defined in RCW 46.09.310;

38 (iv) Bicycles as defined in RCW 46.04.071; and

39 (v) Snowmobiles as defined in RCW 46.04.546.

1 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
2 collected under subsection (1) of this section must be dedicated to
3 funding comprehensive performance audits required under RCW
4 43.09.470. The revenue identified in this subsection must be
5 deposited in the performance audits of government account created in
6 RCW 43.09.475.

7 (6) The taxes imposed under this chapter apply to successive
8 retail sales of the same property.

9 (7) The rates provided in this section apply to taxes imposed
10 under chapter 82.12 RCW as provided in RCW 82.12.020.

11 **Sec. 2.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to
12 read as follows:

13 (1) There is levied and collected from every person in this state
14 a tax or excise for the privilege of using within this state as a
15 consumer any:

16 (a) Article of tangible personal property acquired by the user in
17 any manner, including tangible personal property acquired at a casual
18 or isolated sale, and including by-products used by the manufacturer
19 thereof, except as otherwise provided in this chapter, irrespective
20 of whether the article or similar articles are manufactured or are
21 available for purchase within this state;

22 (b) Prewritten computer software, regardless of the method of
23 delivery, but excluding prewritten computer software that is either
24 provided free of charge or is provided for temporary use in viewing
25 information, or both;

26 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
27 (g) or (6)(c), excluding services defined as a retail sale in RCW
28 82.04.050(6)(c) that are provided free of charge;

29 (d) Extended warranty; or

30 (e)(i) Digital good, digital code, or digital automated service,
31 including the use of any services provided by a seller exclusively in
32 connection with digital goods, digital codes, or digital automated
33 services, whether or not a separate charge is made for such services.

34 (ii) With respect to the use of digital goods, digital automated
35 services, and digital codes acquired by purchase, the tax imposed in
36 this subsection (1)(e) applies in respect to:

37 (A) Sales in which the seller has granted the purchaser the right
38 of permanent use;

1 (B) Sales in which the seller has granted the purchaser a right
2 of use that is less than permanent;

3 (C) Sales in which the purchaser is not obligated to make
4 continued payment as a condition of the sale; and

5 (D) Sales in which the purchaser is obligated to make continued
6 payment as a condition of the sale.

7 (iii) With respect to digital goods, digital automated services,
8 and digital codes acquired other than by purchase, the tax imposed in
9 this subsection (1)(e) applies regardless of whether or not the
10 consumer has a right of permanent use or is obligated to make
11 continued payment as a condition of use.

12 (2) The provisions of this chapter do not apply in respect to the
13 use of any article of tangible personal property, extended warranty,
14 digital good, digital code, digital automated service, or service
15 taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to,
16 or the use by, the present user or the present user's bailor or donor
17 has already been subjected to the tax under chapter 82.08 RCW or this
18 chapter and the tax has been paid by the present user or by the
19 present user's bailor or donor.

20 (3)(a) Except as provided in this section, payment of the tax
21 imposed by this chapter or chapter 82.08 RCW by one purchaser or user
22 of tangible personal property, extended warranty, digital good,
23 digital code, digital automated service, or other service does not
24 have the effect of exempting any other purchaser or user of the same
25 property, extended warranty, digital good, digital code, digital
26 automated service, or other service from the taxes imposed by such
27 chapters.

28 (b) The tax imposed by this chapter does not apply:

29 (i) If the sale to, or the use by, the present user or his or her
30 bailor or donor has already been subjected to the tax under chapter
31 82.08 RCW or this chapter and the tax has been paid by the present
32 user or by his or her bailor or donor;

33 (ii) In respect to the use of any article of tangible personal
34 property acquired by bailment and the tax has once been paid based on
35 reasonable rental as determined by RCW 82.12.060 measured by the
36 value of the article at time of first use multiplied by the tax rate
37 imposed by chapter 82.08 RCW or this chapter as of the time of first
38 use;

39 (iii) In respect to the use of any article of tangible personal
40 property acquired by bailment, if the property was acquired by a

1 previous bailee from the same bailor for use in the same general
2 activity and the original bailment was prior to June 9, 1961; or

3 (iv) To the use of digital goods or digital automated services,
4 which were obtained through the use of a digital code, if the sale of
5 the digital code to, or the use of the digital code by, the present
6 user or the present user's bailor or donor has already been subjected
7 to the tax under chapter 82.08 RCW or this chapter and the tax has
8 been paid by the present user or by the present user's bailor or
9 donor.

10 (4) (a) Except as provided in (b) of this subsection (4), the tax
11 is levied and must be collected in an amount equal to the value of
12 the article used, value of the digital good or digital code used,
13 value of the extended warranty used, or value of the service used by
14 the taxpayer, multiplied by the applicable rates in effect for the
15 retail sales tax under RCW 82.08.020.

16 (b) In the case of a seller required to collect use tax from the
17 purchaser, the tax must be collected in an amount equal to the
18 purchase price multiplied by the applicable rate in effect for the
19 retail sales tax under RCW 82.08.020.

20 (5) For purposes of the tax imposed in this section, "person"
21 includes anyone within the definition of "buyer," "purchaser," and
22 "consumer" in RCW 82.08.010.

23 (6) (a) Beginning July 1, 2025, all use tax revenue collected
24 under subsection (1) of this section on the use of each new and used
25 vehicle in this state, but excluding retail car rentals taxed under
26 RCW 82.08.020, must be deposited in the motor vehicle fund. All
27 revenue collected under this subsection may only be used for highway
28 purposes as defined in RCW 46.68.130.

29 (b) For purposes of this subsection:

30 (i) "Highway purposes" also includes preservation; and

31 (ii) "Vehicle" has the meaning provided in RCW 46.04.670
32 including, but not limited to, passenger vehicles, light trucks,
33 commercial vehicles, travel trailers, recreational vehicles,
34 intermittent use trailers, motorcycles, and campers, but "vehicle"
35 does not include:

36 (A) Farm tractors or farm vehicles as defined in RCW 46.04.180
37 and 46.04.181, unless the farm tractor or farm vehicle is for use in
38 the production of marijuana;

39 (B) Off-road vehicles as defined in RCW 46.04.365;

40 (C) Nonhighway vehicles as defined in RCW 46.09.310;

1 (D) Bicycles as defined in RCW 46.04.071; and

2 (E) Snowmobiles as defined in RCW 46.04.546.

3 **Sec. 3.** RCW 46.68.090 and 2015 3rd sp.s. c 44 s 105 are each
4 amended to read as follows:

5 (1) All moneys that have accrued or may accrue to the motor
6 vehicle fund from the fuel tax and/or the tax imposed under RCW
7 82.08.020(4) and 82.12.020(6) must be first expended for purposes
8 enumerated in (a) and (b) of this subsection. The remaining net tax
9 amount must be distributed monthly by the state treasurer in
10 accordance with subsections (2) through (8) of this section.

11 (a) For payment of refunds of fuel tax that has been paid and is
12 refundable as provided by law;

13 (b) For payment of amounts to be expended pursuant to
14 appropriations for the administrative expenses of the offices of
15 state treasurer, state auditor, and the department of licensing of
16 the state of Washington in the administration of the fuel tax, which
17 sums must be distributed monthly.

18 (2) All of the remaining net tax amount collected under RCW
19 82.38.030(1) must be distributed as set forth in (a) through (j) of
20 this subsection.

21 (a) For distribution to the motor vehicle fund an amount equal to
22 44.387 percent to be expended for highway purposes of the state as
23 defined in RCW 46.68.130;

24 (b)(i) For distribution to the special category C account, hereby
25 created in the motor vehicle fund, an amount equal to 3.2609 percent
26 to be expended for special category C projects. Special category C
27 projects are category C projects that, due to high cost only, will
28 require bond financing to complete construction.

29 (ii) The following criteria, listed in order of priority, must be
30 used in determining which special category C projects have the
31 highest priority:

32 (A) Accident experience;

33 (B) Fatal accident experience;

34 (C) Capacity to move people and goods safely and at reasonable
35 speeds without undue congestion; and

36 (D) Continuity of development of the highway transportation
37 network.

38 (iii) Moneys deposited in the special category C account in the
39 motor vehicle fund may be used for payment of debt service on bonds

1 the proceeds of which are used to finance special category C projects
2 under this subsection (2) (b);

3 (c) For distribution to the Puget Sound ferry operations account
4 in the motor vehicle fund an amount equal to 2.3283 percent;

5 (d) For distribution to the Puget Sound capital construction
6 account in the motor vehicle fund an amount equal to 2.3726 percent;

7 (e) For distribution to the transportation improvement account in
8 the motor vehicle fund an amount equal to 7.5597 percent;

9 (f) For distribution to the transportation improvement account in
10 the motor vehicle fund an amount equal to 5.6739 percent and expended
11 in accordance with RCW 47.26.086;

12 (g) For distribution to the cities and towns from the motor
13 vehicle fund an amount equal to 10.6961 percent in accordance with
14 RCW 46.68.110;

15 (h) For distribution to the counties from the motor vehicle fund
16 an amount equal to 19.2287 percent: (i) Out of which there must be
17 distributed from time to time, as directed by the department of
18 transportation, those sums as may be necessary to carry out the
19 provisions of RCW 47.56.725; and (ii) less any amounts appropriated
20 to the county road administration board to implement the provisions
21 of RCW 47.56.725(4), with the balance of such county share to be
22 distributed monthly as the same accrues for distribution in
23 accordance with RCW 46.68.120;

24 (i) For distribution to the county arterial preservation account,
25 hereby created in the motor vehicle fund an amount equal to 1.9565
26 percent. These funds must be distributed by the county road
27 administration board to counties in proportions corresponding to the
28 number of paved arterial lane miles in the unincorporated area of
29 each county and must be used for improvements to sustain the
30 structural, safety, and operational integrity of county arterials.
31 The county road administration board must adopt reasonable rules and
32 develop policies to implement this program and to assure that a
33 pavement management system is used;

34 (j) For distribution to the rural arterial trust account in the
35 motor vehicle fund an amount equal to 2.5363 percent and expended in
36 accordance with RCW 36.79.020.

37 (3) The remaining net tax amount collected under RCW 82.38.030(2)
38 must be distributed to the transportation 2003 account (nickel
39 account).

1 (4) The remaining net tax amount collected under RCW 82.38.030(3)
2 must be distributed as follows:
3 (a) 8.3333 percent must be distributed to the incorporated cities
4 and towns of the state in accordance with RCW 46.68.110;
5 (b) 8.3333 percent must be distributed to counties of the state
6 in accordance with RCW 46.68.120; and
7 (c) The remainder must be distributed to the transportation
8 partnership account created in RCW 46.68.290.
9 (5) The remaining net tax amount collected under RCW 82.38.030(4)
10 must be distributed as follows:
11 (a) 8.3333 percent must be distributed to the incorporated cities
12 and towns of the state in accordance with RCW 46.68.110;
13 (b) 8.3333 percent must be distributed to counties of the state
14 in accordance with RCW 46.68.120; and
15 (c) The remainder must be distributed to the transportation
16 partnership account created in RCW 46.68.290.
17 (6) The remaining net tax amount collected under RCW 82.38.030
18 (5) and (6) must be distributed to the transportation partnership
19 account created in RCW 46.68.290.
20 (7) The remaining net tax amount collected under RCW 82.38.030
21 (7) and (8) must be distributed to the connecting Washington account
22 created in RCW 46.68.395.
23 (8) Nothing in this section or in RCW 46.68.130 may be construed
24 so as to violate any terms or conditions contained in any highway
25 construction bond issues now or hereafter authorized by statute and
26 whose payment is by such statute pledged to be paid from any excise
27 taxes on fuel.

28 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of
30 the state government and its existing public institutions, and takes
31 effect July 1, 2025.

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