

# FINAL BILL REPORT

## HB 2741

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Synopsis as Enacted

**Brief Description:** Concerning requirements before issuance of an initial vehicle registration.

**Sponsors:** Representatives Orcutt and Clibborn.

**House Committee on Transportation**  
**Senate Committee on Transportation**

### **Background:**

New Washington residents, unless exempt, must obtain a Washington driver's license within 30 days from the date they become residents. If a person does not acquire the license within 30 days, it is a citation for a nonmoving offense of \$124.

New Washington residents, unless exempt, must register their vehicles within 30 days from the date they become residents. For a person to register a vehicle, they must present either an unexpired Washington driver's license or certification that he or she is: (1) a Washington resident who does not operate a motor vehicle on public roads; or (2) is exempt from the requirement to obtain a Washington driver's license. Exemptions include being: a member of the military, a nonresident driver, a person operating special highway construction equipment or farm equipment incidentally over a highway, or an operator of a locomotive upon rails. The Department of Licensing (DOL) has the authority to adopt rules that exempt a person applying for registration from the requirements if the person provides evidence satisfactory to the DOL that he or she has a valid and compelling reason for not being able to meet these requirements.

A person falsifying residency for the purposes of vehicle registration is guilty of a gross misdemeanor punishable only by a fine of \$529.

A person may register his or her vehicle in one of three ways:

- in person: by bringing to the DOL the unexpired Washington driver's license and, for each additional registered owner shown on the vehicle record, a photo copy of the driver's license or the driver's license number and expiration date in writing;
- by Internet transaction: by entering the driver's license number and expiration date; and
- by mail: by providing in writing the driver's license number and expiration date.

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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.*

There are 6.3 million Washington motor vehicle registrations processed annually. Approximately 20 percent of those registrations involve an original registration of the vehicle or a transfer of ownership, while the remaining 80 percent involve the same motor vehicle owner submitting the same driver's license information each year.

Nonresidents from states with no sales tax or a sales tax of less than 3 percent are exempt from paying Washington's sales and use tax on qualifying purchases. This means Oregon residents, as well as residents of Alaska, Colorado, Delaware, Montana, New Hampshire, and Utah, do not have to pay sales and use taxes on items purchased in Washington that will be used outside of the state.

In 2012 there were 140,000 driver's licenses issued to people from other states. Seventy-nine percent or 111,000 were issued to people from states with a sales tax greater than 3 percent and 29,000 or 21 percent were issued to people from states with less than a 3 percent sales tax. Of those 29,000, 18,000 were from Oregon and 2,700 were from Montana.

The 2013-15 Biennial Transportation Budget directed the Joint Transportation Committee (JTC) to coordinate a work group to identify possible issues relating to the administration of, compliance with, and enforcement of the statutory requirement for a person to provide an unexpired Washington driver's license when registering a motor vehicle. During the study process, the Department of Revenue estimated the additional revenues since 2005 occurring as a result of the unexpired driver's license requirement. These estimates were developed utilizing data from 2005 onward and a measurement of fraud developed by the Coalition Against Insurance Fraud, which identified a 10 percent fraud rate. That measurement was applied to Washington to identify the revenue impact of the unexpired driver's license requirement. In fiscal year 2013, the agency estimated \$3.435 million in state revenues and \$1.297 million in local revenues. One of the options examined by the JTC study was to amend the statute to apply only to original vehicle registrations and to vehicle ownership changes.

**Summary:**

The unexpired driver's license requirement applies to original vehicle registrations and to vehicle ownership changes, unless the person qualifies for one of the exemptions in state law. The requirement to show an unexpired driver's license for renewal registrations is removed.

**Votes on Final Passage:**

House	93	4
Senate	48	1

**Effective:** June 12, 2014