
Finance Committee

HB 1582

Brief Description: *Exempting certain motorcycles used for training from the use tax.*

Sponsors: *Representatives Hatfield, Delvin, Cooper, Ericksen, Linville, Kenney, Rockefeller and Lisk; by request of Department of Licensing.*

Brief Summary of Bill

An exemption from the use tax is provided for the use of motorcycles for training purposes.

Hearing Date: *2/13/01*

Staff: *Mark Matteson (786-7145).*

Background:

The use tax is imposed on items used in the state which were not subject to the retail sales tax. Tax liability arises when property is first put to use in the state, whether the property is purchased by a seller that is not required to collect sales tax, is received as a gift, is extracted or manufactured and used by the extractor or manufacturer, or is acquired by bailment, which is the act of placing property in the custody and control of another. The state and local rates are the same as those imposed under the retail sales tax: 6.5 percent rate for the state, and a statutory maximum of 3.1 percent for cities and counties. Actual local rates range from 0.5 percent to 2.3 percent. Use tax is paid directly to the Department of Revenue.

All items in the use tax base are subject to the tax unless specifically exempted. An exemption is provided to the use of property donated to a state or local governmental entity, and to the subsequent use of the same property by a person to whom the property is loaned, as long as the person's use is consistent with the purpose for which the property was originally donated.

The Department of Licensing runs a voluntary motorcycle operator training and education program. The department is authorized to contract with private individuals for the instruction. Under the use tax exemption for property donated to the department, the department pays no use tax on motorcycles donated to the department. However, motorcycles that are loaned to private individuals who provide training under contract with the department are subject to the use tax.

Summary of Bill:

An exemption from the use tax is provided for the use of motorcycles that are obtained by the department of licensing or by persons under contract with the department to provide motorcycle training under the department motorcycle operator training and education program.

Appropriation: None.

Fiscal Note: Available.

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