

# SENATE BILL REPORT

## SB 5519

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As Reported By Senate Committee On:  
Transportation, February 27, 2001

**Title:** An act relating to use tax on motorcycles loaned to the department of licensing or its contractors for purposes of providing motorcycle training.

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

**Sponsors:** Senators Horn, T. Sheldon and Roach; by request of Department of Licensing.

**Brief History:**

**Committee Activity:** Transportation: 2/20/01, 2/27/01 [DP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Benton, Eide, Finkbeiner, Horn, Jacobsen, Kastama, McAuliffe, McDonald, Oke, Patterson, Prentice, Shin and Swecker.

**Staff:** Dean Carlson (786-7305)

**Background:** The use tax is imposed on items used in the state which are 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 use tax rates are the same as those imposed under the retail sales tax. All items in the use tax base are subject to the tax unless specifically exempt.

The Department of Licensing (DOL) runs a voluntary motorcycle operator training and education program. The department is authorized to contract with private individuals for the instruction. Under current law, there is a use tax exemption for items loaned to state or local governmental entities which exempts the department from paying 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:** Motorcycles that are loaned to DOL or to persons contracting with DOL for use in the motorcycle operator training and education program are exempt from the use tax.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Motorcycles used for training should have the same tax treatment as motor vehicles used for training.

**Testimony Against:** None.

**Testified:** Senator Horn, prime sponsor; Carl Spurgeon, Department of Licensing.