

---

**SUBSTITUTE HOUSE BILL 1119**

---

**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Schoesler, Gombosky, Ahern and Schindler)

Read first time . Referred to Committee on .

1 AN ACT Relating to the business and occupation taxation of sales of  
2 new and used motor vehicles; adding new sections to chapter 82.04 RCW;  
3 prescribing penalties; providing an effective date; and declaring an  
4 emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 (1) This chapter does not apply to amounts received by a motor  
9 vehicle dealer licensed under chapter 46.70 RCW, or a dealer licensed  
10 by any other state, for the wholesale sale of used motor vehicles at  
11 auctions to licensed dealers.

12 (2) This chapter does not apply to amounts derived by a new car  
13 dealer from wholesale sales of new motor vehicles of the same make to  
14 other new car dealers where the sales enable the dealers to adjust  
15 their inventory levels as long as the amount paid by the purchasing  
16 dealer does not exceed the amount paid by the selling dealer in the  
17 acquisition of the vehicle, however, the selling dealer may add  
18 reasonable expenses for the preparation of the vehicle for sale or  
19 transfer.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.04 RCW  
2 to read as follows:

3        (1) In the payment of the tax imposed by this chapter on new motor  
4 vehicles sold to Washington customers that are delivered to the  
5 customer through courtesy dealers located in this state, the courtesy  
6 dealer is deemed to be the agent for the selling dealer in reporting  
7 and paying the tax imposed by this chapter, unless the selling dealer  
8 is already registered and reporting and remitting taxes under this  
9 chapter. It is the duty of each courtesy dealer to pay the tax imposed  
10 by this chapter to the department when the courtesy dealer files its  
11 tax return. Each courtesy dealer who acts as the agent for the selling  
12 dealer in reporting, paying, and remitting the tax imposed by this  
13 chapter must at the time of paying and remitting its own taxes imposed  
14 by this chapter pay the tax due on the transaction under this section.

15        (2) The tax paid by the courtesy dealer on behalf of the selling  
16 dealer shall constitute a debt from the selling dealer to the courtesy  
17 dealer, and the courtesy dealer is authorized to withhold payment to  
18 the selling dealer out of the proceeds of the sale an amount equal to  
19 the tax imposed by this chapter. Amounts withheld by the courtesy  
20 dealer are deemed to be held in trust by the courtesy dealer until paid  
21 to the department, and any courtesy dealer who appropriates or converts  
22 the amount withheld to the courtesy dealer's own use or to any use  
23 other than the payment of the tax to the extent that the money withheld  
24 is not available for payment on the due date is guilty of a gross  
25 misdemeanor.

26        (3) This section is construed as cumulative of other methods  
27 prescribed in chapters 82.04 through 82.32 RCW, inclusive, for the  
28 collection of the tax imposed by this chapter.

29        (4) As used in this section, "courtesy dealer" means any licensed  
30 new motor vehicle dealer authorized to prepare or deliver a new motor  
31 vehicle to a customer in this state. "Selling dealer" means a motor  
32 vehicle dealer not licensed to prepare or deliver a new motor vehicle  
33 to a customer in this state.

34        NEW SECTION.    **Sec. 3.**    This act is necessary for the immediate  
35 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect  
2 July 1, 2001.

--- END ---