

HOUSE BILL REPORT

EHB 1241

As Passed Legislature

Title: An act relating to vehicle licensing and registration.

Brief Description: Modifying vehicle licensing and registration penalties.

Sponsors: By Representatives Fromhold, Curtis, Moeller, Wallace, Sommers, McIntire and Murray.

Brief History:

Committee Activity:

Transportation: 2/14/05, 3/7/05 [DPA].

Floor Activity:

Passed House: 4/19/05, 95-3.

Passed Senate: 4/23/05, 43-2.

Passed Legislature.

Brief Summary of Engrossed Bill

- Changes the penalty from a misdemeanor to a traffic infraction for failure to register a vehicle and increase the amount from up to \$330 to \$529.
- Adds a penalty of \$529 for licensing a vehicle in another state to avoid paying taxes and licenses.
- A person registering a vehicle must present an unexpired Washington driver's license to register a vehicle unless exempt.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 23 members: Representatives Murray, Chair; Wallace, Vice Chair; Woods, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Buck, Campbell, Curtis, Dickerson, Ericksen, Flannigan, Hankins, Jarrett, Lovick, Morris, Nixon, Rodne, Sells, Shabro, Simpson, B. Sullivan, Takko, Upthegrove and Wood.

Minority Report: Do not pass. Signed by 4 members: Representatives Appleton, Hudgins, Kilmer and Schindler.

Staff: Jerry Long (786-7306).

Background:

New Washington residents unless exempt must obtain a valid Washington driver's license and register their vehicles within 30 days from the date they become residents. Exemptions include a person in the military, a nonresident driver, a person operating special highway construction equipment, farm tractor or locomotive.

Failure to register a vehicle in Washington before operating on the highways is a misdemeanor and, if convicted, must be punished by a penalty of no less than \$330. The licensing of a vehicle in another state by a resident of this state for the purposes of evading the payment of any tax or license in relation to registering a vehicle is a gross misdemeanor punishable as follows:

First offense - up to one year in a county jail and a fine equal to twice the amount of delinquent taxes and fees, with no part suspended or deferred; second or subsequent offense - up to one year in a county jail and a fine equal to four times the amount of delinquent taxes and fees, with no part suspended or deferred.

Sales tax does not apply to sales to nonresidents of tangible personal property when they are a resident of a state, Province of Canada or United States Possession that does not impose a sales tax or use tax of 3 percent or more. Any person claiming an exemption must provide one piece of identification such as a valid driver's license or identification card from the jurisdiction in which the out-of-state residence is claimed.

Summary of Engrossed Bill:

Failure to register a vehicle in Washington before operating on the highways is changed from a misdemeanor to a traffic infraction of \$529.

A motor vehicle subject to initial or renewal registration shall not be registered to a natural person unless the person has an unexpired Washington State driver's license. They are exempt from this requirement if they certify that they do not operate a motor vehicle on the public roads or they are already exempt under current law. For shared or joint ownership, the Department of Licensing (DOL) will establish procedures to verify that all owners meet these requirements. The DOL may adopt rules necessary to implement these provisions, where a person may be exempt if they show evidence satisfactory to the DOL that they have a valid and compelling reason for not being able to meet these requirements.

A person falsifying residence is guilty of a gross misdemeanor punishable by only a fine of \$529.

This applies to registrations due or become due on or after January 1, 2006.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2005.

Testimony For: Clark County is growing. The purpose of this bill is to address the avoidance of sales and use tax. It is estimated that 6,000 to 10,000 vehicles are registered in other states to avoid the payment of sales and use tax. If you look at the fiscal note, this is revenue that could be going towards our roads and schools. The Washington State Patrol, the DOL and the Department of Revenue have worked on this bill. There are people that hold on to their Oregon driver's license so they can purchase goods tax free after becoming a Washington resident. If you are a resident in the State of Washington, the person's vehicle needs to be registered and the person should have a Washington State driver's license. Under this bill, to register your vehicle you need to have an unexpired Washington driver's license. There are special exemptions to this provision and many exemptions are already in law, if not, the DOL has rule making authority.

Testimony Against: None.

Persons Testifying: Representative Fromhold, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.