
SUBSTITUTE HOUSE BILL 2269

State of Washington

65th Legislature

2018 Regular Session

By House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Kilduff, Muri, Kraft, Stanford, Eslick, McBride, Sawyer, Orcutt, Haler, Senn, Reeves, Young, Ryu, and Doglio)

READ FIRST TIME 01/19/18.

1 AN ACT Relating to tax relief for adaptive automotive equipment
2 for veterans and service members with disabilities; amending RCW
3 82.08.875 and 82.12.875; creating new sections; and providing
4 expiration dates.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that it is
7 important to recognize the service of active duty military and
8 veterans and to acknowledge the continued sacrifice of those veterans
9 who have been catastrophically injured. The legislature further finds
10 that:

11 (a) Many disabled veterans often need customized, accessible
12 transportation to be self-sufficient and to maintain a high quality
13 of life;

14 (b) Individuals with a severe disability are twice as likely to
15 be at or below the national poverty level;

16 (c) The federal government pays for the cost of add-on automotive
17 adaptive equipment for severely injured veterans; however, it does
18 not cover the cost of sales or use tax owed on this equipment and
19 that this cost is then shifted onto the veterans, who often times
20 cannot afford the tax due to the substantial amount of adaptive
21 equipment required in such customized vehicles; and

1 (d) This added financial burden has the unintended effect of
2 causing some veterans to acquire their adaptive equipment in
3 neighboring states that do not impose a sales tax, thereby negatively
4 impacting Washington businesses providing mobility enhancing
5 equipment and services to Washington veterans.

6 (2) It is the legislature's intent to provide specific financial
7 relief for severely injured veterans and to ameliorate a negative
8 consequence of Washington's tax structure by providing a sales and
9 use tax exemption for adaptive equipment required to customize
10 vehicles for disabled veterans.

11 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
12 performance statement for the tax preference contained in this act.
13 This performance statement is only intended to be used for subsequent
14 evaluation of the tax preference. It is not intended to create a
15 private right of action by any party or be used to determine
16 eligibility for preferential tax treatment.

17 (2) The legislature categorizes the tax preference in section 3,
18 chapter . . ., Laws of 2018 (section 3 of this act), as one intended
19 to provide tax relief for certain businesses or individuals, as
20 indicated in RCW 82.32.808(2)(e).

21 (3) To measure the effectiveness of this act in achieving the
22 specific public policy objective described in section 1 of this act,
23 the joint legislative audit and review committee must, at minimum,
24 evaluate the following:

25 (a) The number of qualifying add-on automotive adaptive equipment
26 purchases, as reported to the department of revenue through the
27 exemption process on an annual basis; and

28 (b) The number of approved applications for add-on automotive
29 adaptive equipment, as reported by the United States department of
30 veterans affairs.

31 (4) In addition to the data sources described under this section,
32 the joint legislative audit and review committee may use any other
33 data it deems necessary in performing the evaluation under this
34 section.

35 (5) The joint legislative audit and review committee must review
36 the tax preference provided in this act as part of its normal review
37 process of tax preferences.

1 **Sec. 3.** RCW 82.08.875 and 2013 c 211 s 2 are each amended to
2 read as follows:

3 (1) The tax imposed by RCW 82.08.020 does not apply to sales to
4 eligible purchasers of prescribed add-on automotive adaptive
5 equipment, including charges incurred for labor and services rendered
6 in respect to the installation and repairing of such equipment. The
7 exemption provided in this section only applies if the eligible
8 purchaser is reimbursed in whole or part for the purchase by the
9 United States department of veterans affairs or other federal agency,
10 and the reimbursement is paid directly by that federal agency to the
11 seller.

12 (2) Sellers making tax-exempt sales under this section must:

13 (a) Obtain an exemption certificate from the eligible purchaser
14 in a form and manner prescribed by the department. The seller must
15 retain a copy of the exemption certificate for the seller's files. In
16 lieu of an exemption certificate, a seller may capture the relevant
17 data elements as allowed under the streamlined sales and use tax
18 agreement;

19 (b) File their tax return with the department electronically; and

20 (c) Report their total gross sales on their return and deduct the
21 exempt sales under subsection (1) of this section from their reported
22 gross sales.

23 (3) For purposes of this section, the following definitions apply
24 unless the context clearly requires otherwise:

25 (a) "Add-on automotive adaptive equipment" means equipment
26 installed in, and modifications made to, a motor vehicle that are
27 necessary to assist physically challenged persons to enter, exit, or
28 safely operate a motor vehicle. The term includes but is not limited
29 to wheelchair lifts, wheelchair restraints, ramps, under vehicle
30 lifts, power door openers, power seats, lowered floors, raised roofs,
31 raised doors, hand controls, left foot gas pedals, chest and shoulder
32 harnesses, parking brake extensions, dual battery systems, steering
33 devices, reduced and zero effort steering and braking,
34 voice-activated controls, and digital driving systems. The term does
35 not include motor vehicles and equipment installed in a motor vehicle
36 by the manufacturer of the motor vehicle.

37 (b) "Eligible purchaser" means a veteran, or member of the armed
38 forces serving on active duty, who is disabled, regardless of whether
39 the disability is service connected as that term is defined by

1 federal statute 38 U.S.C. Sec. 101, as amended, as of (~~August~~)
2 January 1, (~~2013~~) 2018.

3 (c) "Prescribed add-on automotive adaptive equipment" means
4 add-on automotive adaptive equipment prescribed by a physician.

5 (4) This section expires July 1, (~~2018~~) 2028.

6 **Sec. 4.** RCW 82.12.875 and 2013 c 211 s 3 are each amended to
7 read as follows:

8 (1) The tax imposed by RCW 82.12.020 does not apply to the use of
9 prescribed add-on automotive adaptive equipment or to labor and
10 services rendered in respect to the installation and repairing of
11 such equipment. The exemption under this section only applies if the
12 sale of the prescribed add-on automotive adaptive equipment or labor
13 and services was exempt from sales tax under RCW 82.08.875 or would
14 have been exempt from sales tax under RCW 82.08.875 if the equipment
15 or labor and services had been purchased in this state.

16 (2) For purposes of this section, "prescribed add-on automotive
17 adaptive equipment" has the same meaning as provided in RCW
18 82.08.875.

19 (3) This section expires July 1, (~~2018~~) 2028.

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