
Finance Committee

HB 1944

Brief Description: Expanding a use tax exemption for new Washington residents and nonresident members of the armed forces.

Sponsors: Representatives Dent, Chapman, Boehnke, Dufault and Walsh.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Expands the use tax exemption on nonresidents' personal property to include motor homes.
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Hearing Date: 2/26/19

Staff: Richelle Geiger (786-7139).

Background:

Retail sales and use tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Tax Preferences.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Currently, Washington has over 650 tax preferences. Legislation that establishes or expands a tax preference must include a Tax Preference Performance Statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use

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to evaluate the effectiveness of the preference, unless otherwise exempt. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Use tax exemption on nonresidents' personal property.

A use tax exemption is provided to nonresidents on tangible personal property brought into Washington for temporary use or enjoyment, if the item is not used to conduct non-transitory business activity.

The exemption is also provided to Washington residents and nonresident military personnel who are stationed in Washington, if the items were acquired and used while the owner was a resident of another state at least 90 days before entering the state on the use of:

- A motor vehicle that is registered in another state if the vehicle is not required to be registered in Washington; and
- Household goods, personal effects and private motor vehicles, excluding motor homes.

Summary of Bill:

The use tax exemption on nonresidents' personal property is extended to include motor homes. The use tax exemption excludes vessels thirty feet or longer, aircraft, or vehicles registered or titled to a business, or a vehicle primarily used for business purposes.

This bill applies prospectively, only.

The bill contains language that exempts the legislation from the TPPS and expiration date requirements for new tax preferences.

Appropriation: None.

Fiscal Note: Requested on February 20, 2019.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.