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**HOUSE BILL 1122**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representatives MacEwen, Shea, Stokesbary, Walsh, and Young

Prefiled 01/11/19. Read first time 01/14/19. Referred to Committee on Appropriations.

1 AN ACT Relating to directing sales and use tax revenues from the  
2 acquisition of motor vehicles to the motor vehicle account; amending  
3 RCW 82.08.020 and 82.12.045; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds the following:

6 (a) The state transportation system depends on the fuel tax for a  
7 significant portion of the funding for both capital improvements and  
8 system preservation and operations;

9 (b) The fuel tax is dedicated to highway purposes, including  
10 transportation highway infrastructure;

11 (c) Over the next ten years, under current forecasting  
12 assumptions, the growth in fuel consumption is expected to stagnate;

13 (d) Further advancements in technology and consumer preferences  
14 and changes toward more aggressive environmental policies could  
15 accelerate the deterioration of the fuel tax base;

16 (e) Sales and use taxes on the acquisition of motor vehicles are  
17 a revenue source that grows with the economy and has a nexus with the  
18 transportation system; and

19 (f) The retail sales and use tax base on transactions other than  
20 vehicles, and the tax bases for the taxes that otherwise support the  
21 state general fund, are robust and continually expanding.

1 (2) It is therefore the intent of the legislature to direct  
2 retail sales and use taxes on the acquisition of motor vehicles to  
3 the motor vehicle fund to ensure a stable source of funding for the  
4 state transportation system.

5 **Sec. 2.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to  
6 read as follows:

7 (1) There is levied and collected a tax equal to six and five-  
8 tenths percent of the selling price on each retail sale in this state  
9 of:

10 (a) Tangible personal property, unless the sale is specifically  
11 excluded from the RCW 82.04.050 definition of retail sale;

12 (b) Digital goods, digital codes, and digital automated services,  
13 if the sale is included within the RCW 82.04.050 definition of retail  
14 sale;

15 (c) Services, other than digital automated services, included  
16 within the RCW 82.04.050 definition of retail sale;

17 (d) Extended warranties to consumers; and

18 (e) Anything else, the sale of which is included within the RCW  
19 82.04.050 definition of retail sale.

20 (2) There is levied and collected an additional tax on each  
21 retail car rental, regardless of whether the vehicle is licensed in  
22 this state, equal to five and nine-tenths percent of the selling  
23 price. The revenue collected under this subsection must be deposited  
24 in the multimodal transportation account created in RCW 47.66.070.

25 (3) Beginning July 1, 2003, there is levied and collected an  
26 additional tax of three-tenths of one percent of the selling price on  
27 each retail sale of a motor vehicle in this state, other than retail  
28 car rentals taxed under subsection (2) of this section. The revenue  
29 collected under this subsection must be deposited in the multimodal  
30 transportation account created in RCW 47.66.070.

31 (4) For purposes of subsection (3) of this section, "motor  
32 vehicle" has the meaning provided in RCW 46.04.320, but does not  
33 include:

34 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180  
35 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
36 the production of marijuana;

37 (b) Off-road vehicles as defined in RCW 46.04.365;

38 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

39 (d) Snowmobiles as defined in RCW 46.04.546.

1 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
2 collected under subsection (1) of this section must be dedicated to  
3 funding comprehensive performance audits required under RCW  
4 43.09.470. The revenue identified in this subsection must be  
5 deposited in the performance audits of government account created in  
6 RCW 43.09.475.

7 (6) The taxes imposed under this chapter apply to successive  
8 retail sales of the same property.

9 (7) The rates provided in this section apply to taxes imposed  
10 under chapter 82.12 RCW as provided in RCW 82.12.020.

11 (8)(a) Beginning in fiscal year 2020, a portion of the tax  
12 imposed under subsection (1) of this section on the retail sale of a  
13 motor vehicle in this state must be deposited to the motor vehicle  
14 fund for the sole purpose of funding transportation infrastructure.  
15 The disposition of the tax on the retail sale of motor vehicles is as  
16 follows:

17 (i) In fiscal year 2020, twenty percent of the collections must  
18 be deposited to the motor vehicle fund;

19 (ii) In fiscal year 2021, forty percent of the collections must  
20 be deposited to the motor vehicle fund;

21 (iii) In fiscal year 2022, sixty percent of the collections must  
22 be deposited to the motor vehicle fund;

23 (iv) In fiscal year 2023, eighty percent of the collections must  
24 be deposited to the motor vehicle fund; and

25 (v) In fiscal year 2024 and thereafter, all of the collections,  
26 except as otherwise provided by law, must be deposited to the motor  
27 vehicle fund.

28 (b) For the purposes of this subsection (8), "motor vehicle,"  
29 except within the context of "motor vehicle fund," has the same  
30 meaning as provided in subsection (3) of this section.

31 **Sec. 3.** RCW 82.12.045 and 2010 c 161 s 904 are each amended to  
32 read as follows:

33 (1) In the collection of the use tax on vehicles, the department  
34 of revenue may designate the county auditors of the several counties  
35 of the state as its collecting agents. Upon such designation, it  
36 shall be the duty of each county auditor to collect the tax at the  
37 time an applicant applies for transfer of certificate of title to the  
38 vehicle, except when the applicant:

1 (a) Exhibits a dealer's report of sale showing that the retail  
2 sales tax has been collected by the dealer;

3 (b) Presents a written statement signed by the department of  
4 revenue, or its duly authorized agent showing that no use tax is  
5 legally due; or

6 (c) Presents satisfactory evidence showing that the retail sales  
7 tax or the use tax has been paid by the applicant on the vehicle in  
8 question.

9 (2) As used in this section, "vehicle" has the same meaning as in  
10 RCW 46.04.670.

11 (3) It (~~shall be~~) is the duty of every applicant for  
12 registration and transfer of certificate of title who is subject to  
13 payment of tax under this section to declare upon the application the  
14 value of the vehicle for which application is made, which (~~shall~~)  
15 must consist of the consideration paid or contracted to be paid  
16 therefor.

17 (4) Each county auditor who acts as agent of the department of  
18 revenue (~~shall~~) must at the time of remitting vehicle license fee  
19 receipts on vehicles subject to the provisions of this section pay  
20 over and account to the state treasurer for all use tax revenue  
21 collected under this section, after first deducting as a collection  
22 fee the sum of two dollars for each motor vehicle upon which the tax  
23 has been collected. Except as provided in subsections (7) and (8) of  
24 this section, all revenue received by the state treasurer under this  
25 section (~~shall~~) must be credited to the general fund. The auditor's  
26 collection fee (~~shall~~) must be deposited in the county current  
27 expense fund. A duplicate of the county auditor's transmittal report  
28 to the state treasurer (~~shall~~) must be forwarded forthwith to the  
29 department of revenue.

30 (5) Any applicant who has paid use tax to a county auditor under  
31 this section may apply to the department of revenue for refund  
32 thereof if he or she has reason to believe that such tax was not  
33 legally due and owing. (~~No~~) A refund (~~shall be~~) is not allowed  
34 unless application therefor is received by the department of revenue  
35 within the statutory period for assessment of taxes, penalties, or  
36 interest prescribed by RCW 82.32.050(4). Upon receipt of an  
37 application for refund the department of revenue (~~shall~~) must  
38 consider the same and issue its order either granting or denying it  
39 and if refund is denied the taxpayer (~~shall have~~) has the right of  
40 appeal as provided in RCW 82.32.170, 82.32.180, and 82.32.190.

1 (6) The provisions of this section (~~shall~~) must be construed as  
2 cumulative of other methods prescribed in chapters 82.04 through  
3 82.32 RCW, inclusive, for the collection of the tax imposed by this  
4 chapter. The department of revenue (~~shall have~~) has power to  
5 promulgate such rules as may be necessary to administer the  
6 provisions of this section. Any duties required by this section to be  
7 performed by the county auditor may be performed by the director of  
8 licensing but no collection fee (~~shall be~~) is deductible by  
9 (~~said~~) the director in remitting use tax revenue to the state  
10 treasurer.

11 (7) The use tax revenue collected on the rate provided in RCW  
12 82.08.020(3) (~~shall~~) must be deposited in the multimodal  
13 transportation account under RCW 47.66.070.

14 (8)(a) Beginning in fiscal year 2020, a portion of the use tax  
15 revenue collected on the rate provided in RCW 82.08.020(1) with  
16 respect to the use of a motor vehicle in this state must be deposited  
17 to the motor vehicle fund for the sole purpose of funding  
18 transportation infrastructure. The disposition of the tax collected  
19 with respect to the use of motor vehicles is as follows:

20 (i) In fiscal year 2020, twenty percent of the collections must  
21 be deposited to the motor vehicle fund;

22 (ii) In fiscal year 2021, forty percent of the collections must  
23 be deposited to the motor vehicle fund;

24 (iii) In fiscal year 2022, sixty percent of the collections must  
25 be deposited to the motor vehicle fund;

26 (iv) In fiscal year 2023, eighty percent of the collections must  
27 be deposited to the motor vehicle fund; and

28 (v) In fiscal year 2024 and thereafter, all of the collections,  
29 except as otherwise provided by law, must be deposited to the motor  
30 vehicle fund.

31 (b) For the purposes of this subsection (8), "motor vehicle,"  
32 except within the context of "motor vehicle fund," has the same  
33 meaning as provided in RCW 82.08.020(3).

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