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**SENATE BILL 6536**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Senators Fain, Braun, Sheldon, Wagoner, and Wilson

AN ACT Relating to extending a sales and use tax exemption for disabled veterans and members of the armed forces for certain equipment and services that assist physically challenged persons to safely operate a motor vehicle; amending RCW 82.08.875 and 82.12.875; creating a new section; and providing expiration dates.

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

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

(2) The legislature categorizes these tax preferences as ones intended to reduce structural inefficiencies in the tax structure and provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2) (d) and (e).

(3) It is the legislature's specific public policy objective to provide financial relief for disabled veterans and members of the armed forces for certain equipment and services that assist physically challenged veterans and members of the armed forces to safely operate a motor vehicle. It is the legislature's intent to create a sales and use tax exemption for mobility adaptive equipment required to customize vehicles for their safe operation by disabled veterans and members of the armed forces in order to facilitate the purchase and use of such equipment, thereby allowing these veterans and members of the armed forces to be self-sufficient and to maintain a high quality of life, thereby ameliorating a negative consequence of Washington's tax structure.

(4) If a review finds that the sales and use tax exemption created in this act for mobility adaptive equipment to customize vehicles for disabled veterans provides financial relief for severely injured veterans and service members, mitigates the competitive disadvantage stemming from Washington's tax structure on mobility businesses, and the cost of the exemption in terms of forgone state revenue is not beyond what was reasonably assumed in the fiscal estimate for the legislation, then the legislature intends to extend the expiration date of these tax preferences.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data from the department of revenue or the United States department of veterans affairs, or any other available data.

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

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

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

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

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

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

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

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

(b) "Eligible purchaser" means a veteran, or member of the armed forces serving on active duty, who is disabled, regardless of whether the disability is service connected as that term is defined by federal statute 38 U.S.C. Sec. 101, as amended, as of August 1, 2013.

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

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

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

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

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

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

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