

SENATE BILL REPORT

SB 6536

As of February 13, 2018

Title: 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.

Brief Description: 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.

Sponsors: Senators Fain, Braun, Sheldon, Wagoner and Wilson.

Brief History:

Committee Activity: Ways & Means: 2/15/18.

Brief Summary of Bill

- Extends the state sales and use tax exemption for add-on automotive adaptive equipment until July 1, 2028.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Veteran Automobile Adaptive Equipment Program. The United States Department of Veterans Affairs' (VA) Automobile Adaptive Equipment program provides equipment and training for physically challenged veterans to enter, exit, and safely operate motor vehicles. The VA reimburses qualifying veterans who purchase special equipment installed in the veteran's own motor vehicle, such as: wheelchair lifts; under vehicle lifts; power door openers; lowered floors and raised roofs; raised doors; hand controls; left foot gas pedals; reduced effort and zero effort steering and braking; digital driving systems; and standard power equipment.

State Sales and Use Tax Exemption for Add-On Automobile Adaptive Equipment. The state levies a tax on the retail sale of tangible personal property, digital goods, and certain services within the state. A taxable retail sale also includes the installation, repair, alteration, or improvement made to a consumer's personal property. The state sales and use tax rate is 6.5

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percent. Counties and cities are authorized to impose an additional sales and use tax at a lesser rate than the state rate.

In 2013, the Legislature created a sales and use tax exemption for the sale of add-on automotive adaptive equipment purchased by the VA, or other federal agency, for an eligible disabled veteran or disabled active service member. The exemption applies to equipment prescribed by a doctor that assists in the entry, exit, or safe operation of a motor vehicle, including the service for installing and repairing the equipment, but not including equipment installed by the manufacturer of the motor vehicle. The seller must obtain an exemption certificate from the eligible purchaser in order to deduct the exempt sale from the gross sales reported on the seller's tax return.

Expiration and Review of the Tax Exemption. The add-on automotive adaptive equipment exemption is scheduled to expire July 1, 2018. In 2017, the Joint Legislative Audit and Review Committee (JLARC) completed a Tax Performance Review report on this exemption. JLARC found that in 2016, the VA processed 185 applications from Washington residents for the Automobile Adaptive Equipment program.

Summary of Bill: The expiration of the add-on automotive adaptive equipment exemption is extended until July 1, 2028. JLARC is directed to perform a Tax Preference Performance Review before the expiration of the exemption.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.