

FINAL BILL REPORT

HB 1347

C 11 L 20
Synopsis as Enacted

Brief Description: Concerning vehicle reseller permits.

Sponsors: Representatives Barkis, Kirby, Volz, Vick and Springer.

House Committee on Finance
Senate Committee on Ways & Means

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.

The Department of Revenue (DOR) may designate county auditors as collecting agents for use taxes owed as the result of a vehicle sale or transfer. If so designated, the auditors must collect the use tax at the time a person applies for a transfer of title to a vehicle. If the person shows a dealer's report of sale demonstrating retail sales tax was paid, a statement from the DOR showing no use tax is legally owed, or otherwise demonstrates retail sales or use tax has been paid by the person on the vehicle, the auditors are not obligated to collect the use tax.

Reseller Permit.

Reseller permits are free for businesses that make wholesale purchases. The permit allows business to purchase items or services without paying sales or use tax. A reseller permit is generally valid for four years. However, a reseller permit is only valid for two years if the business is a contractor, has been open for less than 12 months, has not reported gross income in the last 12 months, was on active non-reporting status at the time the reseller permit application was received, or has failed to file tax returns during the last 12 months.

Summary:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A reseller permit issued by the DOR may be presented by the buyer at time of transfer of certificate of title to a vehicle to substantiate that use tax is not owed on the transaction.

A "rental trailer" is defined as a trailer that is used solely by a rental car business for the rental to others for a period of time of not more than 30 consecutive days.

Votes on Final Passage:

House	97	0
Senate	48	0

Effective: June 11, 2020