

HOUSE BILL REPORT

HB 1736

As Reported by House Committee On:
Housing, Community Development & Veterans

Title: An act relating to tax relief for veterans and service members with disabilities to purchase adaptive agricultural equipment.

Brief Description: Concerning tax relief for veterans and service members with disabilities to purchase adaptive agricultural equipment.

Sponsors: Representatives Kraft, Lovick, Dent, Kirby, Klippert, Peterson, Walsh, Kilduff, Stanford, Van Werven, Young and Leavitt.

Brief History:

Committee Activity:

Housing, Community Development & Veterans: 2/6/19, 2/15/19 [DPS].

Brief Summary of Substitute Bill

- Exempts adaptive agricultural equipment for veterans and service members with a service-connected disability from state sales and use taxes.
- Limits the exemption to \$10,000 per person per year.

HOUSE COMMITTEE ON HOUSING, COMMUNITY DEVELOPMENT & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Ryu, Chair; Morgan, Vice Chair; Gildon, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Corry, Entenman, Leavitt and Reeves.

Minority Report: Without recommendation. Signed by 1 member: Representative Frame.

Staff: Serena Dolly (786-7150).

Background:

Sales and Use Tax.

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.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services (including construction). 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 taxes apply to the value when used in this state. The state, all counties, and most 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.

Summary of Substitute Bill:

A veteran or service member with a disability, or a farm owner who employs a veteran or service member with a disability, is eligible for a sales or use tax exemption for purchases of adaptive agricultural equipment.

Adaptive agricultural equipment is agricultural equipment, or equipment installed in or modifications made to agricultural equipment, that are necessary to assist physically challenged persons to operate the equipment. Such equipment includes hand or foot controls, additional or modified steps, chest and shoulder harnesses, handrails, motorized lifts, hydraulic or electronic controls and hoisters, power door openers, and automatic hitch systems.

The exemption applies to the state portion of sales and use tax only and is available as a remittance through the Department of Revenue. The exemption is limited to \$5,000 per remittance and \$10,000 per person per year.

The exemption applies to sales or uses occurring on or after September 1, 2019, and expires on September 1, 2029.

Substitute Bill Compared to Original Bill:

The substitute bill requires the disability of a veteran or service member to be service-connected for the sales and use tax exemption to apply.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on September 1, 2019.

Staff Summary of Public Testimony:

(In support) This is a really great bill that will help disabled veterans in a unique way. Disabled veterans who had either been farmers before they went into service, or who now want to become farmers, can take advantage of a sales tax exemption on equipment needed

for a disability. It also allows a farm owner to purchase equipment for disabled veteran employees. The credit is limited to \$10,000 per year.

(Opposed) None.

Persons Testifying: Representative Kraft, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.