

SENATE BILL REPORT

SB 6145

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 11, 1992

Brief Description: Extending use tax exemptions to trailers.

SPONSORS: Senators Barr and Rasmussen

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6145 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bluechel, Cantu, M. Kreidler, Matson, Metcalf, Newhouse, Saling, L. Smith, West, and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 10, 1992; February 11, 1992

BACKGROUND:

A tax is imposed on the use of tangible personal property in this state. Exempt from this tax is the use of property on which a sales tax has been paid in this state. A credit against the use tax is allowed for any sales or use tax paid to an out-of-state jurisdiction.

For property brought into the state by a resident or a person who becomes a resident, the use tax would apply unless there is a specific exemption for the property. The use of household goods, personal effects, and private automobiles by residents of this state and nonresident members of the armed forces stationed in the state are exempt from the use tax if the property was acquired and used by the person in another state while a resident thereof and the acquisition and use occurred more than ninety days prior to the time the person entered this state. This exemption was originally enacted in 1943. Personal property brought into this state for business purposes has been taxed under the use tax since the enactment of the use tax in 1935.

SUMMARY:

The use tax exemption for private automobiles of nonresidents and nonresident members of the armed forces is expanded to include all motor vehicles and trailers of the nonresident.

EFFECT OF PROPOSED SUBSTITUTE:

The exemption is only expanded to include travel trailers. An effective date of July 1, 1993 is added.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

It does not make sense to exempt private automobiles of new residents from the use tax but to tax the trailer being pulled behind it.

TESTIMONY AGAINST: None

TESTIFIED: Senator Scott Barr, prime sponsor