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## Finance Committee

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### HB 1986

**Brief Description:** Concerning the application of taxes to sales of motor vehicles for use in retail car rentals.

**Sponsors:** Representatives Street, Scott, Macri, Reed, Pollet and Ramel.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Requires the payment of sales and use tax by a person who purchases a motor vehicle solely for use in retail car rentals.</li></ul>
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**Hearing Date:** 2/20/25

**Staff:** Tracey Taylor (786-7152).

**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 are not collected when the user acquires the property, digital product, or service, 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 4.1 percent, depending on the location.

In addition to the 6.5 percent state sales and use tax, there is addition 0.3 percent tax on the sale of a motor vehicle. The moneys collected from 0.3 percent sales and use tax is deposited into the

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multimodal transportation account.

**Summary of Bill:**

The sale of a motor vehicle to a person who purchases the motor vehicle solely for use in retail car rentals is subject to sales and use taxes. This applies to the purchase of motor vehicles made on or after October 1, 2025.

**Appropriation:** None.

**Fiscal Note:** Requested on February 14, 2025.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.