
HOUSE BILL 1122

State of Washington

66th Legislature

2019 Regular Session

By Representative MacEwen

Prefiled 01/11/19.

1 AN ACT Relating to directing sales and use tax revenues from the
2 acquisition of motor vehicles to the motor vehicle account; amending
3 RCW 82.08.020 and 82.12.045; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds the following:

6 (a) The state transportation system depends on the fuel tax for a
7 significant portion of the funding for both capital improvements and
8 system preservation and operations;

9 (b) The fuel tax is dedicated to highway purposes, including
10 transportation highway infrastructure;

11 (c) Over the next ten years, under current forecasting
12 assumptions, the growth in fuel consumption is expected to stagnate;

13 (d) Further advancements in technology and consumer preferences
14 and changes toward more aggressive environmental policies could
15 accelerate the deterioration of the fuel tax base;

16 (e) Sales and use taxes on the acquisition of motor vehicles are
17 a revenue source that grows with the economy and has a nexus with the
18 transportation system; and

19 (f) The retail sales and use tax base on transactions other than
20 vehicles, and the tax bases for the taxes that otherwise support the
21 state general fund, are robust and continually expanding.

1 (2) It is therefore the intent of the legislature to direct
2 retail sales and use taxes on the acquisition of motor vehicles to
3 the motor vehicle fund to ensure a stable source of funding for the
4 state transportation system.

5 **Sec. 2.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to
6 read as follows:

7 (1) There is levied and collected a tax equal to six and five-
8 tenths percent of the selling price on each retail sale in this state
9 of:

10 (a) Tangible personal property, unless the sale is specifically
11 excluded from the RCW 82.04.050 definition of retail sale;

12 (b) Digital goods, digital codes, and digital automated services,
13 if the sale is included within the RCW 82.04.050 definition of retail
14 sale;

15 (c) Services, other than digital automated services, included
16 within the RCW 82.04.050 definition of retail sale;

17 (d) Extended warranties to consumers; and

18 (e) Anything else, the sale of which is included within the RCW
19 82.04.050 definition of retail sale.

20 (2) There is levied and collected an additional tax on each
21 retail car rental, regardless of whether the vehicle is licensed in
22 this state, equal to five and nine-tenths percent of the selling
23 price. The revenue collected under this subsection must be deposited
24 in the multimodal transportation account created in RCW 47.66.070.

25 (3) Beginning July 1, 2003, there is levied and collected an
26 additional tax of three-tenths of one percent of the selling price on
27 each retail sale of a motor vehicle in this state, other than retail
28 car rentals taxed under subsection (2) of this section. The revenue
29 collected under this subsection must be deposited in the multimodal
30 transportation account created in RCW 47.66.070.

31 (4) For purposes of subsection (3) of this section, "motor
32 vehicle" has the meaning provided in RCW 46.04.320, but does not
33 include:

34 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180
35 and 46.04.181, unless the farm tractor or farm vehicle is for use in
36 the production of marijuana;

37 (b) Off-road vehicles as defined in RCW 46.04.365;

38 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

39 (d) Snowmobiles as defined in RCW 46.04.546.

1 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
2 collected under subsection (1) of this section must be dedicated to
3 funding comprehensive performance audits required under RCW
4 43.09.470. The revenue identified in this subsection must be
5 deposited in the performance audits of government account created in
6 RCW 43.09.475.

7 (6) The taxes imposed under this chapter apply to successive
8 retail sales of the same property.

9 (7) The rates provided in this section apply to taxes imposed
10 under chapter 82.12 RCW as provided in RCW 82.12.020.

11 (8)(a) Beginning in fiscal year 2020, a portion of the tax
12 imposed under subsection (1) of this section on the retail sale of a
13 motor vehicle in this state must be deposited to the motor vehicle
14 fund for the sole purpose of funding transportation infrastructure.
15 The disposition of the tax on the retail sale of motor vehicles is as
16 follows:

17 (i) In fiscal year 2020, twenty percent of the collections must
18 be deposited to the motor vehicle fund;

19 (ii) In fiscal year 2021, forty percent of the collections must
20 be deposited to the motor vehicle fund;

21 (iii) In fiscal year 2022, sixty percent of the collections must
22 be deposited to the motor vehicle fund;

23 (iv) In fiscal year 2023, eighty percent of the collections must
24 be deposited to the motor vehicle fund; and

25 (v) In fiscal year 2024 and thereafter, all of the collections,
26 except as otherwise provided by law, must be deposited to the motor
27 vehicle fund.

28 (b) For the purposes of this subsection (8), "motor vehicle,"
29 except within the context of "motor vehicle fund," has the same
30 meaning as provided in subsection (3) of this section.

31 **Sec. 3.** RCW 82.12.045 and 2010 c 161 s 904 are each amended to
32 read as follows:

33 (1) In the collection of the use tax on vehicles, the department
34 of revenue may designate the county auditors of the several counties
35 of the state as its collecting agents. Upon such designation, it
36 shall be the duty of each county auditor to collect the tax at the
37 time an applicant applies for transfer of certificate of title to the
38 vehicle, except when the applicant:

1 (a) Exhibits a dealer's report of sale showing that the retail
2 sales tax has been collected by the dealer;

3 (b) Presents a written statement signed by the department of
4 revenue, or its duly authorized agent showing that no use tax is
5 legally due; or

6 (c) Presents satisfactory evidence showing that the retail sales
7 tax or the use tax has been paid by the applicant on the vehicle in
8 question.

9 (2) As used in this section, "vehicle" has the same meaning as in
10 RCW 46.04.670.

11 (3) It (~~shall be~~) is the duty of every applicant for
12 registration and transfer of certificate of title who is subject to
13 payment of tax under this section to declare upon the application the
14 value of the vehicle for which application is made, which (~~shall~~)
15 must consist of the consideration paid or contracted to be paid
16 therefor.

17 (4) Each county auditor who acts as agent of the department of
18 revenue (~~shall~~) must at the time of remitting vehicle license fee
19 receipts on vehicles subject to the provisions of this section pay
20 over and account to the state treasurer for all use tax revenue
21 collected under this section, after first deducting as a collection
22 fee the sum of two dollars for each motor vehicle upon which the tax
23 has been collected. Except as provided in subsections (7) and (8) of
24 this section, all revenue received by the state treasurer under this
25 section (~~shall~~) must be credited to the general fund. The auditor's
26 collection fee (~~shall~~) must be deposited in the county current
27 expense fund. A duplicate of the county auditor's transmittal report
28 to the state treasurer (~~shall~~) must be forwarded forthwith to the
29 department of revenue.

30 (5) Any applicant who has paid use tax to a county auditor under
31 this section may apply to the department of revenue for refund
32 thereof if he or she has reason to believe that such tax was not
33 legally due and owing. (~~No~~) A refund (~~shall be~~) is not allowed
34 unless application therefor is received by the department of revenue
35 within the statutory period for assessment of taxes, penalties, or
36 interest prescribed by RCW 82.32.050(4). Upon receipt of an
37 application for refund the department of revenue (~~shall~~) must
38 consider the same and issue its order either granting or denying it
39 and if refund is denied the taxpayer (~~shall have~~) has the right of
40 appeal as provided in RCW 82.32.170, 82.32.180, and 82.32.190.

1 (6) The provisions of this section (~~shall~~) must be construed as
2 cumulative of other methods prescribed in chapters 82.04 through
3 82.32 RCW, inclusive, for the collection of the tax imposed by this
4 chapter. The department of revenue (~~shall have~~) has power to
5 promulgate such rules as may be necessary to administer the
6 provisions of this section. Any duties required by this section to be
7 performed by the county auditor may be performed by the director of
8 licensing but no collection fee (~~shall be~~) is deductible by
9 (~~said~~) the director in remitting use tax revenue to the state
10 treasurer.

11 (7) The use tax revenue collected on the rate provided in RCW
12 82.08.020(3) (~~shall~~) must be deposited in the multimodal
13 transportation account under RCW 47.66.070.

14 (8)(a) Beginning in fiscal year 2020, a portion of the use tax
15 revenue collected on the rate provided in RCW 82.08.020(1) with
16 respect to the use of a motor vehicle in this state must be deposited
17 to the motor vehicle fund for the sole purpose of funding
18 transportation infrastructure. The disposition of the tax collected
19 with respect to the use of motor vehicles is as follows:

20 (i) In fiscal year 2020, twenty percent of the collections must
21 be deposited to the motor vehicle fund;

22 (ii) In fiscal year 2021, forty percent of the collections must
23 be deposited to the motor vehicle fund;

24 (iii) In fiscal year 2022, sixty percent of the collections must
25 be deposited to the motor vehicle fund;

26 (iv) In fiscal year 2023, eighty percent of the collections must
27 be deposited to the motor vehicle fund; and

28 (v) In fiscal year 2024 and thereafter, all of the collections,
29 except as otherwise provided by law, must be deposited to the motor
30 vehicle fund.

31 (b) For the purposes of this subsection (8), "motor vehicle,"
32 except within the context of "motor vehicle fund," has the same
33 meaning as provided in RCW 82.08.020(3).

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