

# HOUSE BILL REPORT

## HB 1157

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**As Reported By House Committee On:**  
Trade & Economic Development

**Title:** An act relating to sales and use tax exemptions for motor vehicles and trailers to be used for the purpose of transporting persons or property for hire.

**Brief Description:** Modifying sales and use tax exemptions regarding motor vehicles and trailers used for transporting persons or property for hire.

**Sponsors:** Representatives Van Luven and Sheldon; by request of Department of Revenue.

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 1/26/95, 2/1/95 [DP].

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass. Signed by 11 members: Representatives Van Luven, Chair; Radcliff, Vice Chair; D. Schmidt, Vice Chair; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Ballasiotes; Hickel; Sherstad; Skinner and Valle.

**Staff:** Kenny Pittman (786-7392).

**Background:** Under current law, interstate or foreign commerce carriers qualify for a retail sales and use tax exemption on motor vehicles or trailers purchased or leased in Washington. In order to qualify for the exemption the carrier must document that the first use of the equipment is for an interstate or foreign haul and that the equipment will be used 25 percent of the time to transport people or property.

The state requires interstate and foreign commerce carriers to obtain both an Interstate Commerce Commission permit and a one-transit permit from the Department of Licensing. The retail sales and use tax is imposed on the purchase if the carrier fails to acquire a one-transit permit prior to moving the vehicle out of state over state roads.

**Summary of Bill:** The requirement that interstate and foreign commerce carriers obtain a one-transit permit or have the first use be an interstate or foreign haul in

order to receive the retail sales and use tax exemption on motor vehicles or trailers purchased or leased in Washington is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 1995.

**Testimony For:** This bill reduces an unnecessary step in the tax exemption process for the purchaser. We can verify that the purchaser is an interstate carrier through the federal Interstate Commerce Commission permit. The one-transit permit is still needed to move the vehicle over the state's roads, but not to receive the tax exemption on the purchase.

**Testimony Against:** None.

**Testified:** Ryan Spiller, Department of Revenue (Pro).