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**SENATE BILL 5978**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senator King

1 AN ACT Relating to vehicle taxation; amending RCW 82.08.020 and  
2 82.12.020; adding a new section to chapter 82.08 RCW; providing an  
3 effective date; and declaring an emergency.

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

5 **Sec. 1.** 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

1 this state, equal to five and nine-tenths percent of the selling  
2 price. The revenue collected under this subsection must be deposited  
3 in the multimodal transportation account created in RCW 47.66.070.

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

10 ~~((4))~~ (b) For purposes of this subsection (3) ~~((of this~~  
11 ~~section))~~, "motor vehicle" has the meaning provided in RCW 46.04.320,  
12 but does not include:

13 ~~((a))~~ (i) Farm tractors or farm vehicles as defined in RCW  
14 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is  
15 for use in the production of marijuana;

16 ~~((b))~~ (ii) Off-road vehicles as defined in RCW 46.04.365;

17 ~~((c))~~ (iii) Nonhighway vehicles as defined in RCW 46.09.310;  
18 and

19 ~~((d))~~ (iv) Snowmobiles as defined in RCW 46.04.546.

20 (4) (a) Beginning July 1, 2019, except as provided in section 3 of  
21 this act, all the revenue collected under subsection (1) of this  
22 section on each new and used retail sale of a vehicle in this state,  
23 including private-party sales, but excluding retail car rentals taxed  
24 under subsection (2) of this section, must be deposited in the state  
25 general fund.

26 (b) For purposes of this subsection (4), "vehicle" has the  
27 meaning provided in RCW 46.04.670 including, but not limited to,  
28 passenger vehicles, light trucks, commercial vehicles, travel  
29 trailers, recreational vehicles, intermittent use trailers,  
30 motorcycles, and campers, but "vehicle" does not include:

31 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180  
32 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
33 the production of marijuana;

34 (ii) Off-road vehicles as defined in RCW 46.04.365;

35 (iii) Nonhighway vehicles as defined in RCW 46.09.310;

36 (iv) Bicycles as defined in RCW 46.04.071; and

37 (v) Snowmobiles as defined in RCW 46.04.546.

38 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
39 collected under subsection (1) of this section must be dedicated to  
40 funding comprehensive performance audits required under RCW

1 43.09.470. The revenue identified in this subsection must be  
2 deposited in the performance audits of government account created in  
3 RCW 43.09.475.

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

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

8 **Sec. 2.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to  
9 read as follows:

10 (1) There is levied and collected from every person in this state  
11 a tax or excise for the privilege of using within this state as a  
12 consumer any:

13 (a) Article of tangible personal property acquired by the user in  
14 any manner, including tangible personal property acquired at a casual  
15 or isolated sale, and including by-products used by the manufacturer  
16 thereof, except as otherwise provided in this chapter, irrespective  
17 of whether the article or similar articles are manufactured or are  
18 available for purchase within this state;

19 (b) Prewritten computer software, regardless of the method of  
20 delivery, but excluding prewritten computer software that is either  
21 provided free of charge or is provided for temporary use in viewing  
22 information, or both;

23 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or  
24 (g) or (6)(c), excluding services defined as a retail sale in RCW  
25 82.04.050(6)(c) that are provided free of charge;

26 (d) Extended warranty; or

27 (e)(i) Digital good, digital code, or digital automated service,  
28 including the use of any services provided by a seller exclusively in  
29 connection with digital goods, digital codes, or digital automated  
30 services, whether or not a separate charge is made for such services.

31 (ii) With respect to the use of digital goods, digital automated  
32 services, and digital codes acquired by purchase, the tax imposed in  
33 this subsection (1)(e) applies in respect to:

34 (A) Sales in which the seller has granted the purchaser the right  
35 of permanent use;

36 (B) Sales in which the seller has granted the purchaser a right  
37 of use that is less than permanent;

38 (C) Sales in which the purchaser is not obligated to make  
39 continued payment as a condition of the sale; and

1 (D) Sales in which the purchaser is obligated to make continued  
2 payment as a condition of the sale.

3 (iii) With respect to digital goods, digital automated services,  
4 and digital codes acquired other than by purchase, the tax imposed in  
5 this subsection (1)(e) applies regardless of whether or not the  
6 consumer has a right of permanent use or is obligated to make  
7 continued payment as a condition of use.

8 (2) The provisions of this chapter do not apply in respect to the  
9 use of any article of tangible personal property, extended warranty,  
10 digital good, digital code, digital automated service, or service  
11 taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to,  
12 or the use by, the present user or the present user's bailor or donor  
13 has already been subjected to the tax under chapter 82.08 RCW or this  
14 chapter and the tax has been paid by the present user or by the  
15 present user's bailor or donor.

16 (3)(a) Except as provided in this section, payment of the tax  
17 imposed by this chapter or chapter 82.08 RCW by one purchaser or user  
18 of tangible personal property, extended warranty, digital good,  
19 digital code, digital automated service, or other service does not  
20 have the effect of exempting any other purchaser or user of the same  
21 property, extended warranty, digital good, digital code, digital  
22 automated service, or other service from the taxes imposed by such  
23 chapters.

24 (b) The tax imposed by this chapter does not apply:

25 (i) If the sale to, or the use by, the present user or his or her  
26 bailor or donor has already been subjected to the tax under chapter  
27 82.08 RCW or this chapter and the tax has been paid by the present  
28 user or by his or her bailor or donor;

29 (ii) In respect to the use of any article of tangible personal  
30 property acquired by bailment and the tax has once been paid based on  
31 reasonable rental as determined by RCW 82.12.060 measured by the  
32 value of the article at time of first use multiplied by the tax rate  
33 imposed by chapter 82.08 RCW or this chapter as of the time of first  
34 use;

35 (iii) In respect to the use of any article of tangible personal  
36 property acquired by bailment, if the property was acquired by a  
37 previous bailee from the same bailor for use in the same general  
38 activity and the original bailment was prior to June 9, 1961; or

39 (iv) To the use of digital goods or digital automated services,  
40 which were obtained through the use of a digital code, if the sale of

1 the digital code to, or the use of the digital code by, the present  
2 user or the present user's bailor or donor has already been subjected  
3 to the tax under chapter 82.08 RCW or this chapter and the tax has  
4 been paid by the present user or by the present user's bailor or  
5 donor.

6 (4) (a) Except as provided in (b) of this subsection (4), the tax  
7 is levied and must be collected in an amount equal to the value of  
8 the article used, value of the digital good or digital code used,  
9 value of the extended warranty used, or value of the service used by  
10 the taxpayer, multiplied by the applicable rates in effect for the  
11 retail sales tax under RCW 82.08.020.

12 (b) In the case of a seller required to collect use tax from the  
13 purchaser, the tax must be collected in an amount equal to the  
14 purchase price multiplied by the applicable rate in effect for the  
15 retail sales tax under RCW 82.08.020.

16 (5) For purposes of the tax imposed in this section, "person"  
17 includes anyone within the definition of "buyer," "purchaser," and  
18 "consumer" in RCW 82.08.010.

19 (6) (a) Beginning July 1, 2019, except as provided in section 3 of  
20 this act, all use tax revenue collected under subsection (1) of this  
21 section on the use of each new and used vehicle in this state, but  
22 excluding retail car rentals taxed under RCW 82.08.020, must be  
23 deposited in the state general fund.

24 (b) For purposes of this subsection (6), "vehicle" has the  
25 meaning provided in RCW 46.04.670 including, but not limited to,  
26 passenger vehicles, light trucks, commercial vehicles, travel  
27 trailers, recreational vehicles, intermittent use trailers,  
28 motorcycles, and campers, but "vehicle" does not include:

29 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180  
30 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
31 the production of marijuana;

32 (ii) Off-road vehicles as defined in RCW 46.04.365;

33 (iii) Nonhighway vehicles as defined in RCW 46.09.310;

34 (iv) Bicycles as defined in RCW 46.04.071; and

35 (v) Snowmobiles as defined in RCW 46.04.546.

36 NEW SECTION. Sec. 3. A new section is added to chapter 82.08  
37 RCW to read as follows:

38 From the tax imposed under RCW 82.08.020(4) and 82.12.020(6), the  
39 state treasurer shall make the following deposits:

1 (1) For the 2019-2021 biennium, three hundred million dollars in  
2 eight quarterly deposits to the motor vehicle fund created in RCW  
3 46.68.070 to be used exclusively for the purposes specified in  
4 subsection (6) of this section.

5 (2) For the 2021-2023 biennium, four hundred million dollars in  
6 eight quarterly deposits to the motor vehicle fund created in RCW  
7 46.68.070 to be used exclusively for the purposes specified in  
8 subsection (6) of this section.

9 (3) For the 2023-2025 biennium, five hundred million dollars in  
10 eight quarterly deposits to the motor vehicle fund created in RCW  
11 46.68.070 to be used exclusively for the purposes specified in  
12 subsection (6) of this section.

13 (4) For the 2025-2027 biennium, five hundred million dollars in  
14 eight quarterly deposits to the motor vehicle fund created in RCW  
15 46.68.070 to be used exclusively for the purposes specified in  
16 subsection (6) of this section.

17 (5) For the 2027-2029 biennium, five hundred million dollars in  
18 eight quarterly deposits to the motor vehicle fund created in RCW  
19 46.68.070 to be used exclusively for the purposes specified in  
20 subsection (6) of this section.

21 (6) The amounts transferred under subsections (1) through (5) of  
22 this section are to be used solely for the following projects and  
23 activities:

- 24 (a) Highway maintenance and preservation;
- 25 (b) SR 18 Widening - Issaquah/Hobart Rd to Raging River;
- 26 (c) Columbia River Bridge Replacement/Hood River to White Salmon;
- 27 (d) US 2 Trestle Full Rebuild;
- 28 (e) Ferry vessels;
- 29 (f) US 12 Wallula to Nine Mile Hill Widening; and
- 30 (g) Watershed fish passage barrier removal.

31 (7) By December 1, 2028, the joint transportation committee shall  
32 conduct an evaluation of the impact of the transferred funds on the  
33 actual completion of the projects and activities specified in this  
34 section. The comparison shall include information on the net jobs  
35 created, other economic benefits achieved, the impacts on traffic  
36 congestion, and public safety. The evaluation shall compare these  
37 impacts relative to these outcomes without the additional transfers  
38 made pursuant to this section. If this evaluation finds that there is  
39 a significant net improvement in these outcomes directly from these

1 transferred funds, then the legislature intends to extend these  
2 transfer provisions beyond the 2027-2029 biennium.

3 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
4 preservation of the public peace, health, or safety, or support of  
5 the state government and its existing public institutions, and takes  
6 effect July 1, 2019.

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