

Automotive Adaptive Equipment

For Veterans and Service Members with Disabilities

JLARC Staff 2017 Tax Preference Performance Evaluation

Sales and Use Tax Preference

Objectives (stated)	Results
Provide financial relief for severely injured veterans and service members.	Met. Disabled veterans and service members do not pay sales or use tax on automotive adaptive equipment purchases.
Offset a competitive disadvantage for Washington's businesses.	Met. The preference removes the sales tax. Oregon has no sales tax.
Foregone revenues " reasonably " conform to fiscal note estimate.	Not met. Estimate of foregone revenue at least 267% higher than 2013 estimate.

Preference provides financial relief and removes a perceived competitive disadvantage

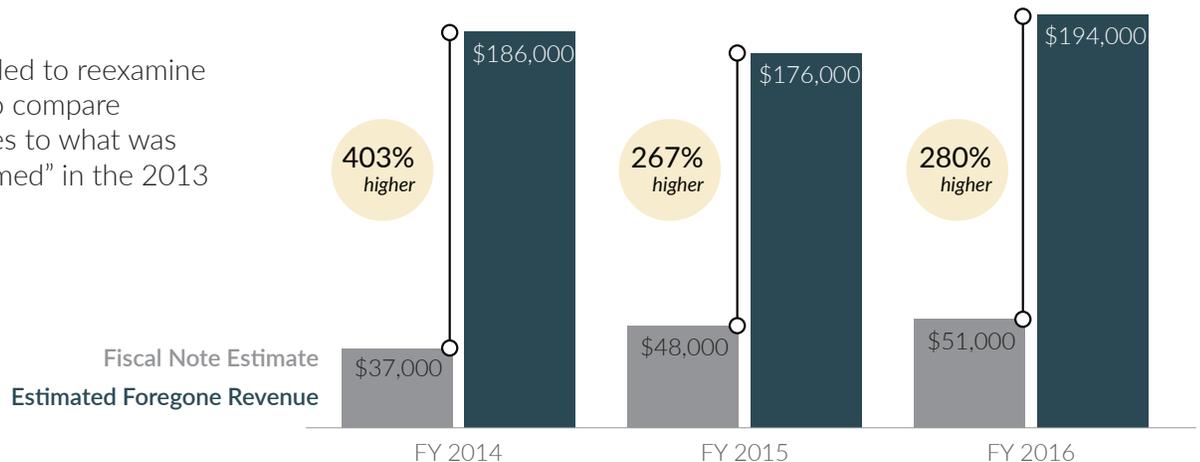


Removes sales and use tax for disabled veterans and service members buying automotive adaptive equipment.

Neighboring state Oregon has no sales tax.

Estimates of foregone revenue exceeded 2013 fiscal note estimate in past three fiscal years

Legislature intended to reexamine this preference to compare foregone revenues to what was "reasonably assumed" in the 2013 fiscal note.



Source: Estimated foregone revenues are based on actual beneficiary savings from Department of Revenue tax return data.

Legislative Auditor recommendation: Clarify

The Legislature should clarify what revenue impact is "reasonable." While it provides financial relief and removes a perceived competitive disadvantage, the estimated foregone revenue has exceeded the 2013 fiscal note estimate for the past three fiscal years.

The complete report is on the JLARC web site.

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