

SPECIAL NOTICE

June 1, 2004

For further information contact:
Telephone Information Center
360-705-6705

Alternate Formats 360-705-6705
Teletype 711

Rentals of Motorized Recreational Vehicles (RVs) and Motor Homes

Does your business rent motorized RVs or motor homes to consumers? If so, you should be aware that rentals of these vehicles are subject to either the rental car tax **or** the 0.3 percent motor vehicle tax. One tax or the other applies to the rental of motorized RVs and motor homes, but not both.

Rental Car Tax

Motorized RVs and motor homes meet the definition of passenger cars for purposes of the rental car tax. Consequently, rentals of motorized RVs and motor homes for periods of 30 days or less are subject to the rental car tax. The rental car tax is computed in addition to the **regular** retail sales tax. **The 0.3 percent motor vehicle tax does not apply when the rental car tax applies.**

The rental car tax is reported and paid on the Car Rental Addendum.

Higher Sales Tax Rate for Motor Vehicles

Effective July 1, 2003, the sales tax rate on the sale, lease, or rental of a motor vehicle was increased by three-tenths of one percent (0.3%). **This tax, however, does not apply to vehicles subject to the rental car tax.**

Motorized RVs and motor homes rented **for more than 30 days** are subject to the motor vehicle tax, but are not subject to the rental car tax.

Example 1: John decides to rent a motorized RV for his two week road trip. John rents the RV from a dealer in Tacoma. Since the RV is rented for 30 days or less, John must pay tax as follows:

| | |
|--------------------|-------|
| Retail Sales Tax @ | 8.8% |
| Rental Car Tax @ | 7.7% |
| Combined Tax @ | 16.5% |

Example 2: Bob decides to rent a motorized RV for the summer. Bob rents the RV from the same dealer in Tacoma. Since the RV is rented for more than 30 days, Bob must pay tax as follows:

| | |
|---------------------|------|
| Retail Sales Tax @ | 8.8% |
| Motor Vehicle Tax @ | 0.3% |
| Combined Tax @ | 9.1% |

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