



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JULY 9, 2009

## **Tire Fee on New Replacement Vehicle Tires**

Senate Bill 5976, Chapter 261, Laws of 2009, under RCW 70.95.510, eliminates the sunset period in which retailers are required to collect a \$1 per tire fee on the retail sale of new replacement vehicle tires. The tire fee was set to sunset as of June 30, 2010. Current legislation merely eliminated the sunset period in which the tire fee is effective (July 1, 2005 through June 30, 2010) and imposes the fee for all sales of new replacement vehicle tires with no effective sunset date.

The law makes no changes in how the fee is applied to new replacement vehicle tires. The tire fee does not apply to the sale of re-treaded vehicle tires. Nor does it apply to tires provided free of charge under the terms of a recall or a warranty service. If a customer returns the purchased new tire and the entire selling price is refunded to the customer, the \$1 tire fee is likewise refundable.

### **Paying and Collecting the Tire Fee**

The tire fee must be paid by the buyer to the seller. Each seller must collect the full amount of the fee from the buyer. The tire fee is not subject to sales tax.

### **Reporting and Remitting the Fee to the Department**

The seller must report the number of new replacement vehicle tires sold under the new tire fee classification line in the "Other Taxes" section on the excise tax return. Tire sellers may retain ten percent of the fee and must remit the remainder to the Department of Revenue. The amount that must be remitted to the Department is calculated by multiplying the number of tires sold by the rate of \$.90.

### **Collected Trust Funds**

The tire fee due to the Department is considered to be held in trust by the seller until paid to the Department. Any seller or person who uses the fee for personal use or any other use than the payment of the fee to the Department on the due date will be guilty of a gross misdemeanor.

### **Sellers Not Collecting the Fee**

Any seller who does not collect the tire fee, whether as a result of his or her own acts or the acts or conditions beyond his or her control, is guilty of a misdemeanor and is personally liable to the state for the entire amount of the tire fee.

### **Buyer's Failure to Pay Fee**

The tire fee, until paid by the buyer to the seller or to the Department of Revenue, is considered a debt from the buyer to the seller and any buyer who refuses to pay the fee due is guilty of a misdemeanor.

### **For More Information**

If you have questions, please contact the Telephone Information Center at 1-360-705-6705.