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PROPERTY TAXABILITY OF MOTOR VEHICLES

Question: RCW 84.36.595 exempts "motor vehicles" from property taxation. For purposes of this statute, what types of vehicles are, or are not, included within the definition of "motor vehicle," and how is taxability determined?

Answer: RCW 84.36.595(2) states: "Motor vehicles, vehicles carrying exempt licenses, travel trailers, and campers are exempt from property taxation." Therefore, if the vehicle comes within the statutory definition of a motor vehicle, it is exempt from property taxation.

For purposes of this statute, "motor vehicle" is described in RCW 84.36.595(1) (a), and the description is in two parts, vehicles included and vehicles not included, as follows:

"Motor vehicle" means all motor vehicles, trailers, and semi trailers used, or of the type designed primarily to be used, upon the public streets and highways, for the convenience or pleasure of the owner, or for the conveyance, for hire or otherwise, of persons or property, including fixed loads and facilities for human habitation; but shall not include (i) vehicles carrying exempt licenses; (ii) dock and warehouse tractors and their cars or trailers, lumber carriers of the type known as spiders, and all other automotive equipment not designed primarily for use upon public streets or highways; (iii) motor vehicles or their trailers used entirely upon private property; (iv) mobile homes as defined in RCW 46.04.302; or (v) motor vehicles owned by nonresident military personnel of the armed forces of the United States stationed in the state of Washington, provided personnel were also nonresident at the time of their entry into military service. (Emphasis added.)

It is helpful, in dealing with motor vehicles, to be aware of the law with respect to licensing of those vehicles, so that the interpretation of the law with respect to property taxation of motor vehicles is consistent with the licensing statutes, to the extent they are related and not in conflict.

Since the term "motor vehicle" itself is not defined for property tax purposes, we look to the definition of motor vehicle found in the Motor Vehicle Code, Title 46 RCW. RCW 46.04.320 gives this definition of a motor vehicle:

"Motor vehicle" means every vehicle that is self-propelled and every vehicle that is propelled by electric power obtained from overhead trolley wires, but not operated upon

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rails. "Motor vehicle" includes a neighborhood electric vehicle as defined in RCW 46.04.357. An electric personal assistive mobility device is not considered a motor vehicle. A power wheelchair is not considered a motor vehicle.

Trailers and semi trailers are included in the definition of vehicles that are exempt from property tax under RCW 84.36.595. Again, the definitions of those terms are found in the Motor Vehicle Code.

RCW 46.04.620 defines "trailer" as follows:

"Trailer" includes every vehicle without motive power designed for being drawn by or used in conjunction with a motor vehicle constructed so that no appreciable part of its weight rests upon or is carried by such motor vehicle, but does not include a municipal transit vehicle, or any portion thereof.

RCW 46.04.530 defines "semi trailer" as follows:

"Semi trailer" includes every vehicle without motive power designed to be drawn by a vehicle, motor vehicle, or truck tractor and so constructed that an appreciable part of its weight and that of its load rests upon and is carried by such other vehicle, motor vehicle, or truck tractor.

With these definitions established, we turn to which vehicles are included in the property tax definition of a "motor vehicle," and which vehicles are excluded.

Motor vehicles INCLUDED in the statutory definition--EXEMPT from property taxation.

A self-propelled vehicle, trailer, or semi trailer (as defined above) that is used or designed primarily to be used upon the public streets or highways for convenience or pleasure of the owner or for conveyance of persons or property, including fixed loads and facilities for human habitation, is exempt from property tax.

In addition to the definitions quoted above, for property tax purposes a "motor vehicle" includes what the statute refers to as "fixed loads." Such vehicles are exempt from property taxation. "Fixed loads," although not defined in statute or rule, refers to motor vehicles used only for the purpose of transporting any well-drilling machine, air compressor, rock crusher, conveyor, hoist, donkey engine, cook house, tool house, bunk house, or similar machine or structure attached to or made a part of such vehicle. (See RCW 46.16.070(1); see also, WAC 308-96A-099 and WAC 308-96A-135.) Thus, if the vehicle is used or designed primarily to be used upon the public streets or highways and is used only for the purpose of transporting some machine or structure attached to it or made a part of it, the vehicle is a fixed load vehicle that is exempt from property taxation.

With regard to fixed load vehicles, it is important also to remember that the vehicle itself, together with its attachment, must be one that can be operated on the public streets or highways without the need to obtain a special permit (such as the permit specified in RCW 46.44.090 for vehicles of excessive size, weight or load) or without the need for special signage, pilot cars, or other special authorization to operate on the streets or highways.

Also, for property tax purposes, motor vehicles that are "facilities for human habitation" are exempt from property tax. Although that term (facilities for human habitation) is also not defined in statute, the Motor Vehicle Code includes two types of property that are defined in terms of "facilities for human habitation." Those two types are "motor homes" and "campers." (See RCW 46.04.305 and 46.04.085, respectively.) Campers are specifically exempted in subsection (2) of RCW 84.36.595. "Motor homes" are also exempt from property taxation under the definitions found in both RCW 84.36.595 and RCW 46.04.305.

Motor vehicles NOT INCLUDED in the statutory definition--property TAXABLE.

Automotive equipment that is not used or designed primarily for use upon the public streets or highways and a motor vehicle or its trailer that is used entirely upon private property, are both not included in the definition of motor vehicle for purposes of property taxation; therefore, they are property taxable. Examples of such types of vehicles are the following:

(1)(a) Any vehicle which is designed and used primarily for grading of highways, paving of highways, earth moving, construction work or similar use, and which is not designed or used primarily for the transportation of persons or property on a public highway and which is only incidentally operated or moved over the highway is property taxable. This includes, but is not limited to, vehicles which (i) are in excess of the legal width, (ii) because of their length, height, or unladen weight, may not be moved on a public highway without the permit specified in RCW 46.44.090, or (iii) are driven or moved upon a public highway only for the purpose of crossing such highway from one property to another, provided such movement does not exceed five hundred feet and the vehicle is equipped with wheels or pads which will not damage the roadway surface. (See RCW 46.16.010(5) (f).)

(b) Forklifts operated on public highways adjacent to and within five hundred feet of the warehouses that they serve are taxable. (See RCW 46.16.010(5) (e).) Forklifts are not used or designed primarily for use on public streets or highways, and are therefore taxable, regardless of whether they are licensed.

(2)(a) A farm vehicle that is used entirely upon private property is property taxable. RCW 46.04.181 defines a "farm vehicle" as follows: "'Farm vehicle' means any vehicle other than a farm tractor or farm implement which is designed and/or used primarily in agricultural pursuits on farms for the purpose of transporting machinery, equipment, implements, farm products, supplies and/or farm labor thereon and is only incidentally operated on or moved along public highways for the purpose of going from one farm to another." Although RCW 84.36.595 exempts vehicles "used entirely" upon private property, it is reasonable to construe this statute consistently with the licensing statutes and allow de minimis usage of the farm vehicle on a public highway. To construe this language otherwise would allow a farmer to avoid taxation merely by driving a vehicle on a public road, even if the vehicle traveled ten feet or less on such road. This would allow farm vehicles to pay no licensing fees, and also be exempt from property taxation, thus totally escaping taxation, a result that appears to be contrary to legislative intent. (Relative to farm machinery and equipment, it should be noted that such machinery and equipment may be exempt from the state property tax levy under RCW 84.36.630.)

(b) Similarly, vehicles that are otherwise used entirely on private property and are only incidentally operated on or moved along public highways for the purpose of crossing a public street or highway or traveling to another part of the same owner's property are taxable. Again, they are taxable regardless of whether they are licensed, since the property tax exemption is based on type of use rather than licensing.

As a general rule, a vehicle that is licensed, or required to be licensed, on an annual basis, is exempt from property taxation. (See RCW 46.16.010.) However, that general rule must yield to the specific requirements of the property tax statute. So, although the fact that a vehicle is licensed can be useful in determining whether a vehicle is taxable for property tax purposes, it is not the primary determining factor, in and of itself, of the taxability of a vehicle. The primary determining factors are those found in RCW 84.36.595.

Conclusion:

"Motor vehicles" are exempt from property taxation. However, the statute that establishes this exemption is not as definite or as clear as it might be. Basically, the statute provides for types of vehicles that are included and those that are not. If the vehicle is used or designed primarily to be used on the public streets or highways, or if it is a "fixed load" vehicle, or a vehicle that is a "facility for human habitation," it is exempt. However, if it is a vehicle that is not used or designed primarily to be used on the public streets or highways, or if it is used entirely upon private property, then it is taxable. Whether the vehicle is licensed or not does not necessarily determine whether it is taxable for property tax purposes.
