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## Property Taxability of Motor Vehicles

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**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 the 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.

## Other Statutory Definitions For “Motor Vehicles”

### *Motor Vehicles*

RCW 46.04.320 defines “motor vehicle” as follows:

"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 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, Semi trailers, Fixed Loads and Facilities for Human Habitation*

The terms “trailers,” “semi trailers,” “fixed loads,” and “facilities for human habitation” are included in the definition of vehicles that are exempt from property tax under RCW 84.36.595. Again, the definitions of these 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.

RCW 46.04.186 defines “fixed load vehicle” as follows:

"Fixed load vehicle" means a commercial vehicle that has a structure or machinery permanently attached such as, but not limited to, an air compressor, a bunk house, a conveyor, a cook house, a donkey engine, a hoist, a rock crusher, a tool house, or a well drilling machine. Fixed load vehicles are not capable of carrying any additional load other than the structure or machinery permanently attached.

Additionally, “fixed load vehicles” are subject to the registration requirements of RCW 46.17.335 and to the motor vehicle excise tax (RCW 82.44.125(1)(c)) and retail sales and use tax ((RCW 82.12.045(2)).

For trucks and trailers that are converted to “fixed load vehicles” after licensing, see RCW 82.44.035(2).

Also, for property tax purposes, motor vehicles that are "facilities for human habitation" are exempt from property tax. Although that term is not defined in statute per se, the Motor Vehicle Code includes two types of property that are defined in terms of "facilities for human habitation:" "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. 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.

## What is Considered an Exempt Motor Vehicle?

*Self-propelled vehicles, trailers, or semi trailers considered exempt.* Self-propelled vehicles, trailers, or semi trailers (as defined above) that are 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, are exempt from property tax.

The key criterion used to determine whether a vehicle is an exempt “motor vehicle” is whether it is used or designed **primarily** to be used on the public roads and highways. The term **primarily** is emphasized because a vehicle may be designed to be used on public roads but may not be **primarily** designed to be used on public roads. There are some vehicles that are self-propelled and may be used on the public roads but only as a temporary convenience to move the vehicle from one job site to another. These types of vehicles are not “designed **primarily**” to be used on the public roads and highways and are not exempt from property tax.

## What is Considered a Taxable Motor Vehicle?

*Self-propelled vehicles considered taxable.* Vehicles or automotive equipment that are not used or designed primarily for use upon the public streets or highways, and motor vehicles or their trailers that are used entirely upon private property are property taxable. Examples of such types of vehicles include the following:

1. Any vehicle or automotive equipment that is designed and used **primarily** for grading of highways, paving of highways, earth moving, construction work, or similar use.
2. Vehicles that are in excess of the legal width, length, height, or unladen weight, and may not be moved on a public highway without the permit specified in RCW 46.44.090.
3. Vehicles 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 that will not damage the roadway surface. [See RCW 46.16.010(5)(f).]
4. Forklifts. [See RCW 46.16.010(5)(e).]
5. Any vehicles used entirely upon private property. Occasional operation of a farm vehicle on a public highway will not exempt the vehicle.

## Questions and Examples

**Question:** Is there a “general rule” to help determine if a vehicle is exempt from property tax?

**Answer:** Yes.

1. Most vehicles licensed for operation on the public roads and highways on an annual basis are exempt from property taxation. (See RCW 46.16.010.)
2. Unlicensed vehicles used in commercial activity (construction, farming, logging, etc.) are generally taxable personal property. A key indicator that such a vehicle is taxable would be the need for special licensing, signage (“Wide Load,” etc.), or special permits to operate on public roads.

**Question:** Are all fixed loads exempt?

**Answer:** No. In order to be considered exempt it must meet the following criteria:

1. The fixed load vehicle must be used or designed primarily to be used upon the public streets or highways;
2. The vehicle itself, together with its attachment, must be one that can be operated on 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;
3. The vehicle must be licensed and registered together with the structure or machine that is permanently attached;
4. The license fee paid on the scale weight of the vehicle must include the combined weight of the vehicle and the structure or machine attached;
5. The motor vehicle excise tax paid on the vehicle includes the value of the attached equipment or structure; and
6. The retail sales or use tax paid on the vehicle includes the value of the attached equipment or structure.

**Question:** Would a boom truck (a flat bed truck with a boom) be considered an exempt **fixed load**?

**Answer:** No, at least not as a fixed load. However, the truck may be exempt from property taxation as a motor vehicle if the truck meets the definition of motor vehicle as defined in RCW 84.36.595. The attached boom may also be exempt as part of the exempt motor vehicle if:

1. The boom is permanently attached to the truck;
2. The truck and boom are licensed and registered as one unit;
3. The license fee, motor vehicle excise tax, and retail sales or use tax paid includes the value of the boom; and
4. The boom has no useful purpose apart from the truck (i.e. the boom, on the ground by itself, would serve no useful purpose).

The Department of Revenue's interpretation of "permanently attached" means: attached by weld, bolts, screws, or the like that would, at minimum, require tools to remove.

**Question:** If I attach a welder to a trailer, does the welder become exempt?

**Answer:** It depends. If the welder can be operated independently of the trailer (or other motor vehicle) and it has been attached (bolted or welded) merely as a convenience so that it does not require temporary tie downs, that would not make it exempt as part of the vehicle.

However, a welder-trailer combination (or any equipment or machinery) would be considered an exempt fixed load if nothing else fits on the trailer except the attached welder, and the welder has been permanently attached to the trailer.

**Question:** RCW 84.36.595 (2) states that "vehicles carrying exempt licenses" are exempt from property tax, but RCW 84.36.595 (1) states that "vehicles carrying exempt licenses" are not "motor vehicles." This is confusing to me. Could you explain?

**Answer:** This is one of those interesting cases of statutory construction. Since the "motor vehicle" definition in RCW 84.36.595 (1) excludes "vehicles carrying exempt licenses," in order to be exempt the Legislature needed to add language specifically exempting "vehicles carrying an exempt license" in

another part of the statute. The result is that although “vehicles carrying exempt licenses” may not be considered “motor vehicles,” they are still exempt as their own class of vehicles.

## Conclusion

"Motor vehicles" are exempt from property taxation. The main criterion for determining whether they are exempt is that they must be used or designed **primarily** to be used on the public streets or highways.

A clear indicator that a vehicle is not used or designed **primarily** to be used on public roads is if the vehicle needs special permitting or conditions in order to operate legally on public roads. Examples of special conditions are special signage such as “Wide Load”, the use of pilot cars, or other special authorization.

A “fixed load” vehicle, or a vehicle that serves as a “facility for human habitation,” is exempt unless it is not used or designed **primarily** to be used on the public streets or highways, or if it is used entirely upon private property.

Licensing of the vehicle alone is not necessarily determinative of whether a motor vehicle is either exempt from or subject to property tax.

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