

# Bicycle Tax

Joint Committee on Transportation

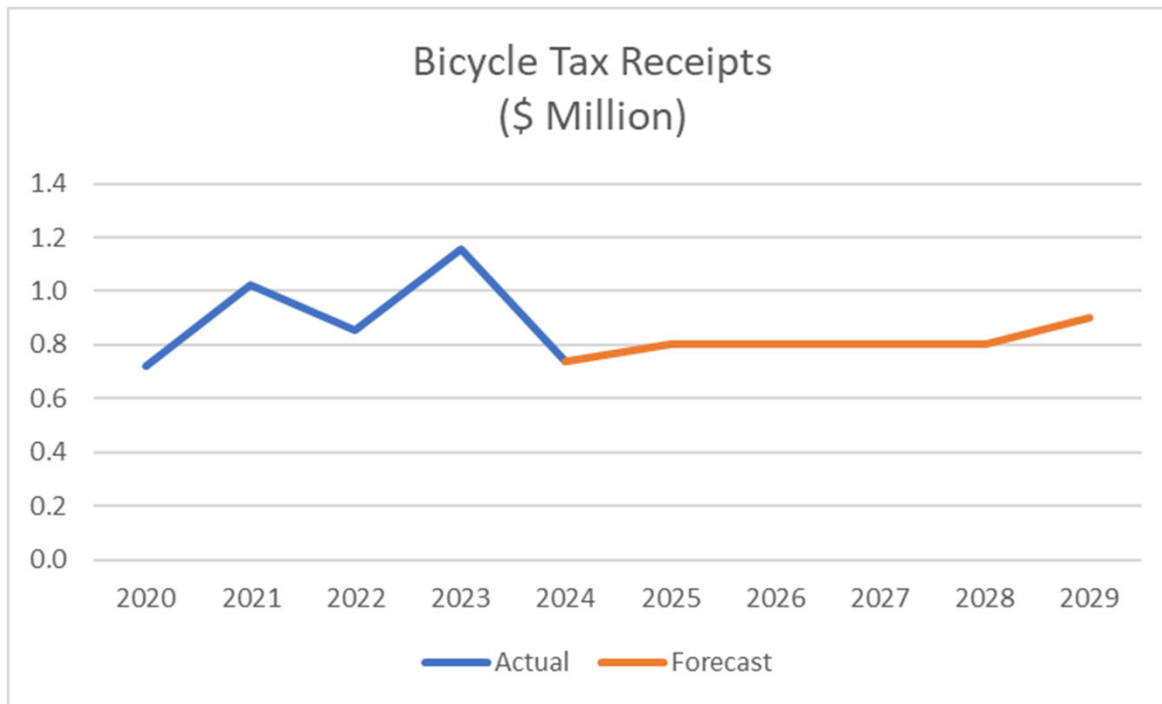
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## Overview of Tax

- Flat rate of \$15 per bike for bikes \$200 or more
  - 7.5% tax on lowest priced bikes that pay the tax, declining as price increases  
(e.g. 1.5% tax on \$1,000 bike)
- Taxable bikes are:
  - New (not previously owned by a consumer)
  - “propelled exclusively by human power” or an electrically assisted bicycle

# Tax Revenue



- Average Tax Receipts for Last 5 fiscal years of about \$900 thousand per year
- About sixty thousand bikes per year
- Forecast is variable, but currently about \$800 thousand per year through FY 2028
- Tax revenue changes would be roughly in proportion to tax rate changes, and based on forecast and timing of applicability and implementation
  - For example, a 25% increase in the tax (\$3.25) would increase revenue about 25% (\$200 thousand per year through FY 2028)
  - Larger increases may reduce taxable sales, especially for lower priced bikes

## If the taxation regime moves to Point of sale Tax (POST)

- Flat rate of \$15 per bike for bikes \$200 or more
  - 7.5% tax on lowest priced bikes that pay the tax, declining as price increases.
  - Move to a 7.5% based on price tax.
  - Will make the tax more progressive
  - Keep it below Sales tax rate of Washington
  - Assuming average bike price of \$645
  - Might yield a \$2.9 million per year

# Questions

