

SENATE BILL REPORT

SB 6552

As Passed Senate, February 14, 1998

Title: An act relating to the ad valorem taxation of vessels or ferries used for the conveyance for compensation of either persons or property, or both, between fixed termini or over a regular route.

Brief Description: Concerning the ad valorem taxation of vessels or ferries.

Sponsors: Senators Strannigan and Bauer; by request of Department of Revenue.

Brief History:

Committee Activity: Ways & Means: 2/3/98, 2/5/98 [DP].
Passed Senate, 2/14/98, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Fraser, Hochstatter, Long, McDonald, Schow, B. Sheldon, Spanel, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: All real and personal property in this state is subject to the property tax each year based on its value unless a specific exemption is provided by law.

Real property lying wholly within individual county boundaries is assessed based on its value by the county assessor. Intercounty, interstate, and foreign utility and transportation companies are assessed based on their value by the Department of Revenue. Property assessed by the Department of Revenue is referred to as state-assessed or centrally assessed property.

Property taxes are imposed on the assessed value of property. Current law requires the assessment to equal 100 percent of the fair market value of the property on July 31 of the assessment year for new construction and on January 1 of the assessment year for all other property.

For property tax purposes, the valuation of steamship companies is different from all other commercial vessels. Steamships are valued under the public utility statutes. All other commercial vessel companies are treated under separate statutes. Unlike most property owners, steamship companies and other commercial vessels pay only the state property tax. They pay no local property tax.

Summary of Bill: The separate valuation of steamships is eliminated. Steamships are treated like all other commercial vessels for property tax purposes.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 1999.

Testimony For: The separate taxation of steamships and other vessels is an historical artifact. There is really no distinction and both types of vessels should be valued in the same manner. This would also dramatically simplify the reporting for steamship companies.

Testimony Against: None.

Testified: PRO: Jim Winterstein, Department of Revenue; Rick Wickman, Columbia River Steamship Operators.