

HOUSE BILL REPORT

EHB 2660

As Passed Legislature

Title: An act relating to transportation revenue.

Brief Description: Addressing transportation revenue.

Sponsors: Representatives Clibborn, Ryu, Moeller, Finn, Billig, Eddy, Fitzgibbon and Moscoso;
by request of Governor Gregoire.

Brief History:

Committee Activity:

Transportation: 1/24/12, 2/6/12, 2/7/12 [DPS].

Floor Activity:

Passed House: 3/8/12, 56-42.

Passed Senate: 3/8/12, 30-19.

Passed Legislature.

Brief Summary of Engrossed Bill

- Increases the fee for an abstract of driving record, vehicle certificate of ownership, certain vehicle license plates, title transfer late penalties, and vehicle dealer licenses.
- Removes the current expiration date of June 30, 2014, for the allowable fee for the vehicle documentary service of up to \$150 and makes the up to \$150 fee permanent.
- Establishes a \$100 annual license fee for electric vehicles.
- Establishes the Public Transportation Grant Program Account to provide funding to transit authorities in the state for operations.
- Makes technical corrections to the 2010 and 2011 vehicle statutes recodification.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 16 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Chair; Eddy, Finn, Fitzgibbon, Hansen, Jinkins, Johnson, Ladenburg, Moeller, Moscoso, Reykdal, Ryu, Takko and Upthegrove.

Minority Report: Do not pass. Signed by 13 members: Representatives Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Klippert, Kristiansen, McCune, Morris, Overstreet, Rivers, Rodne, Shea and Zeiger.

Staff: David Munnecke (786-7315).

Background:

Eighty-five percent of the funding for statewide transportation comes from a variety of taxes, licenses, permits, and fees that are imposed on fuels, vehicles, and drivers. Fifty-nine percent is derived from fuel taxes; 21 percent from the licenses, permits, and fees; and 5 percent from driver-related fees.

Upon a proper request, the Department of Licensing (DOL) may furnish an abstract of a person's driving record (ADR) as permitted under state law. The current fee is \$10 per ADR.

The Director of the DOL shall furnish to all persons making satisfactory application for a vehicle registration: (1) two identical license plates each containing the license plate number; or (2) one license plate, if the vehicle is a trailer, semitrailer, camper, moped, collector vehicle, horseless carriage, or motorcycle. On an original plate issuance, the registered owner pays a reflectorized fee, but does not pay for the original license plates. A person may apply for a replacement license plate or plates if the current license plate or plates assigned to the vehicle have been lost, defaced, or destroyed, or if one or both plates have become so illegible or are in such a condition as to be difficult to distinguish. Washington also has periodic license plate replacement every seven years. When a person replaces a license plate, the fee is \$10 per plate, except for motorcycles which is \$2 for the license plate.

It is unlawful for any person, firm, or association to act as a vehicle dealer or vehicle manufacturer, to engage in business as such, serve in the capacity of such, advertise themselves as such, solicit sales as such, or distribute or transfer vehicles for resale in this state, without first obtaining and holding a current vehicle dealer's license. The DOL administers, licenses, audits, investigates, and regulates the vehicle dealer industry.

Vehicle dealers may charge a documentary service fee to recover administrative costs. Administrative costs include collecting taxes and fees; verifying and clearing titles; transferring titles; and perfecting, satisfying, or releasing liens. A dealer can charge the documentary service fee under the following conditions: the dealer must disclose the fee in writing; the dealer must disclose in writing that the fee is negotiable; the dealer cannot represent that the fee is required by the state; the dealer must separately designate the fee from the selling price and other charges; and the dealer must disclose the fee in advertisements as an addition to the selling price. The current maximum document fee is up to \$150 per vehicle sale or lease until June 30, 2014. On July 1, 2014, the fee reverts to a maximum of \$50.

Summary of Engrossed Bill:

The following fee increases are made:

Category	Current Fee	New Fee
Abstract of Driver's Record (ADR)	\$10	\$13
Certificate of Ownership (title) Application	\$5	\$15
Original Issue License Plate	\$0	\$10
Late Title Transfer Penalty	\$25 to \$100	\$50 to \$125
Original Issue Motorcycle License Plates	\$0	\$4
Motorcycle Replacement License Plates	\$2	\$4
Vehicle Dealer Original License	\$750	\$975
Vehicle Dealer License Renewal License	\$250	\$325
Electric Vehicle Fee	\$0	\$100
Vehicles Dealer Documentary Fee Temporary to Permanent	Up to \$150	Up to \$150

The amended bill increases the penalty for a late transfer of vehicle ownership from \$25 to \$50 to be assessed on the sixteenth day after the date of delivery. Two dollars for each additional day thereafter begins as currently in statute, but the maximum total penalty is increased after the \$2 per day is added from \$100 to \$125.

The vehicle dealer documentary service fee is permanently established at up to \$150.

The amended bill implements a \$100 annual renewal fee for electric vehicles that use propulsion units powered solely by electricity. The vehicle must be designed to have the capability to drive at a speed of more than 35 miles per hour. The fee applies to vehicle registration renewals that are due on or after February 1, 2013. This fee would expire on the effective date of legislation enacted by the Legislature that imposes a vehicle-miles-traveled fee or tax. The Department of Licensing (DOL) must provide written notice of the expiration date of the fee to the Chief Clerk of the House of Representatives, the Secretary of the Senate, the Office of the Code Reviser, and others as deemed appropriate by the DOL.

The public transportation grant program account is created in the state treasury and requires that expenditures from the account be used only for grants to aid transit authorities with operations.

The amended bill makes technical corrections to RCW 46.10.420, 46.12.675, 46.16A.320 and 88.02.640. These changes are technical changes to the 2010 and 2011 vehicle registration statutes recodification.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect October 1, 2012, with the exception of the technical corrections, which take effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is the package that came about due to the Connecting Washington Task Force (Task Force), and it focuses on maintenance and preservation. It provides funding by increasing some fees and creating a barrel fee. Improving transportation is economic development, and it creates and supports jobs.

This legislation is a starting point for the conversation about transportation funding. The package is based on the principle that the first priority should be to take care of what is already there, and the funding is prioritized for the most critical needs. This is important enough that it should be done by the Legislature through fee increases. Individuals already pay a lot of fees, so the Governor wanted to expand the universe of fees available, which is why the barrel fee was proposed. The Department of Licensing is ready to collect the new revenue that the bill will generate.

The Task Force was very focused on maintenance and operations. There are needs that are unmet under this bill, but this is the beginning of the process of funding transportation, not the end. It was important to put a package on the table, and this bill is thus appreciated. The Task Force identified over \$50 billion in needs and this bill is just a start. But if not this legislation, then what legislation, and if not now, then when? Without this bill there will be no contracting by the state in 2013.

The Washington State Department of Transportation supports this bill. Transportation creates jobs through both the construction of the system and the efficient movement of people and goods that it makes possible. Maintenance of the system has always been supported, and more revenue is needed to continue to maintain the system at the current level. This bill keeps the current ferry routes, protects current investments, keeps bridges open for freight, addresses storm water, and provides resources for transit. Long-term grants are a better source of funding for transit.

The Washington State Patrol (WSP) has had its budget reduced by over \$24 million, or 7 percent, over the last several years. Capital funding has declined, while a variety of projects are needed, and the operations staff has been reduced by 21 FTEs. The WSP is authorized for over 600 troopers, but not all of these troopers are funded. The WSP needs 56 more troopers, and this proposal would keep the WSP whole. This bill is needed to maintain public safety.

Recent surveys have shown that there is strong support on the part of the public for maintenance and operations funding. There needs to be sufficient funding to respond to changing circumstances in the transportation system. Without this bill, ferry routes will go away, and the state of the roads will worsen. Business confidence is necessary and this bill will help to provide it.

Transportation is a fundamental responsibility of government, and it is critical to the state's future. The funds raised by the bill should be used for operations and maintenance, but the funds should also be expended to design the next set of necessary projects. The state needs to have a capital funding package that helps with freight movement. If State Route 509 had been built out 25 years ago, the state would have saved billions on expanding Interstate 5.

It is very difficult to create a new refinery due to both the costs and the need to find a suitable location, so it is likely that the barrel fee would apply to all the refineries in the state for the foreseeable future.

Companies, hospitals, and other organizations are all in favor of funding for the Columbia River Crossing (CRC). The cost of goods and services are effected by transportation because transportation is the lifeblood of commerce. The CRC is the largest economic development project in southwest Washington, and it would replace a 100-year-old bridge and earthquake hazard. It is time to move forward and find funding for the CRC, which is the heart of the economic system in the area. It is a red light on the interstate and it needs to be removed.

It has been 10 years since the elimination of the motor vehicle excise tax (MVET), and this bill finally provides dedicated revenue for operations and maintenance of the ferry system. Losing a ferry run is like losing a bridge in a community. We need new funding regardless of what the increase might be.

The skill gap in the construction trades in Washington is huge, and we need more construction projects in order to fill it. Funding for these construction projects is a necessity, and attaching a \$1.50 fee to a barrel of oil will not have a significant effect on the price.

(In support with amendment) The bill is a good starting point, but it needs to be modified to address the division of the revenues, the two-thirds vote to raise the vehicle fee, the language allowing for the MVET, and the effect on counties with refineries.

The cities are interested in proportionality. They would like a direct distribution of revenue, as well as the local options. Only 4 percent of funding goes to the Transportation Improvement Board, and this should be increased. The cities are concerned about the two-thirds vote for the vehicle fee and the expenditure of the MVET proceeds.

This bill is an important first step. Both the state and the locals need to maintain the transportation system, and freight movement needs to be considered alongside the movement of people.

(In support with concerns) Transportation Choices supports this first step by the Governor towards maintaining the transportation system. However, this proposal needs to be modified since it is not balanced and the multimodal funds are directed to nontransit uses. The challenges faced by transit need to be met, and this bill is a good start. Everyone needs good roads and good transit.

Storm water needs to be addressed, and not doing so has dire consequences. The barrel fee is an appropriate funding source and has been upheld elsewhere. The nexus to the expenditures is there, but it could be modified to make it clearer.

There are concerns about the lack of pedestrian and bicycle funding in the bill. Only 1 percent of transportation funding has gone to bicycles and pedestrians over the last 10 years.

The Task Force focused on attracting new jobs and keeping current jobs. An integrated transportation system is key to this as is the creation of transportation corridors. The backbone of the system is damaged, which may lead to deteriorating roads and bridges. The Governor's request is critical to maintaining the state portion of the system, but more needs to be done for the locals.

(With concerns) The automobile dealers want to participate in the discussion regarding this bill. The dealers are opposed to fee increases on initial registration, and are opposed to the MVET language.

King County appreciates the focus on maintenance, and approves of the local funding approaches. However, there are concerns that the MVET funding would be used for only state and city roads. Also, the current requirements for city and population approvals give 4 percent of the population of King County the ability to block a MVET proposal.

Most of the fees in this proposal are paid by drivers, but the money is spent on other uses. Transit is not underfunded. Transit receives \$2 billion in sales tax revenue every year. This is more than the state receives in gas tax, but transit only makes up 3 percent of the trips.

There is an urgent need for transit funding in the state. More than \$200 million per year in funding is needed. The transit agencies are concerned about the diversion of fees to the roads and about the MVET as a funding source.

The Automobile Association of America is concerned about the interpretation of the 18th Amendment in this bill, and the fact that vehicle miles traveled taxes and tolls are considered to be outside the 18th Amendment.

(Opposed) The state needs to preserve the current system, and give the local jurisdictions the authority to raise money as they see fit. However, the nonmotorized funding needs to be increased, since it does a better job of economic development.

The bill should have more funding committed to transit. Students are some of the primary users of transit service, and want more money for transit, bikes, and pedestrians. University of Washington (UW) pass holders took more than 10 million transit trips last year, and it is the most popular transportation choice. Transportation policy needs to be forward thinking, and this bill is not. The UW, Washington State University, and Western Washington University students have all imposed fees on themselves to fund transit. This bill should increase transit, bike, and pedestrian funding, and give locals more options.

This bill would double the tax burden on a key Washington industry. The Governor said in her State of the State address that trade is booming, and petroleum is Washington's third largest trade good. Forty percent of the petroleum products produced in the state are exported, and this bill would put Washington at a disadvantage. This bill imposes a tax, not a fee.

The state cannot impose a fee on out-of-state people, airplanes, and off-road users and use it on Washington roads. Fuel purchased by Alaska Airlines is often bought in Washington, and the aviation fuel should be exempt from this fee pursuant to federal law, which forbids it. A barrel fee was voided in Hawaii on this basis.

The amount of revenue assumed in this bill is the equivalent of an 8-cent gas tax increase. It will put oil and gas distributors out of business. The bill is misdirected. Oil companies make their profits overseas, and this bill puts the onus on the wrong part of the system. It is farfetched and unrealistic.

Initiative 1053 requires a two-thirds vote on a tax. The voters have said they did not want any tax increases, and if they rejected a 2-cent soda tax then they will not want this. As to the MVET, I thought that was gone forever.

The lack of investment in the 1990s has led to the current problems with the system, and screwed up the roads. The current system is a hamster wheel and it needs to be overthrown.

Persons Testifying: (In support) Representative Clibborn, prime sponsor; Jennifer Ziegler, Office of the Governor; David Dye, Washington State Department of Transportation; John Batiste, Washington State Patrol; Alan Haight, Department of Licensing; Philip Parker, Washington State Transportation Commission; Michael Groesch, Microsoft and American Council of Engineering Consultants; Paul Roberts, Everett City Council; Duke Schaub, Association of General Contractors, Keep Spokane Moving, and Transportation Partnership; Ginger Metcalf, Columbia River Crossing Coalition; Paul Montague, Identity Clark County; Tim Schauer, Vancouver Chamber of Commerce; Eric Fuller, Columbia River Economic Development Council; Patty Lent, City of Bremerton; Walt Elliott, Kingston Ferry Advisory Committee; Terry Tilton, Washington State Building and Construction Trades Council; Jared Ross, Washington and Northern Idaho District Council of Laborers; John Adams; and Joe Daniels, City of SeaTac.

(In support with amendment) Scott Merriman, Association of Counties; Ashley Probart, Association of Washington Cities; and Doug Levy, City of Renton.

(In support with concerns) April Putney, Futurewise; Mo McBroom, Washington Environmental Council; Bruce Wishart, Sierra Club; Bill Bryant, Port of Seattle; and Sara Franklin, Amalgamated Transit Union Local.

(With concerns) Scott Hazlegrove, Washington State Auto Dealers Association; Harold Taniguchi, King County Department of Transportation; Mike Ennis, Washington Policy Center; Geri Beardsley, Washington State Transit Association; and Dave Overstreet, Automobile Association of America.

(Opposed) Chuck Ayers, Cascade Bicycle Club; Alicia Halberg and Sarah Rand, Associated Students of the University of Washington; Greg Hanon, Washington States Petroleum Association; Dave Ducharme, Washington Oil Marketers Association; Tim Eyman, Voters Want More Choices; Tim Hamilton, Automotive United Trades Organization; John Worthington; and Megan Lawrence, Alaska Airlines.

Persons Signed In To Testify But Not Testifying: None.