

HOUSE BILL REPORT

HB 1342

*As Reported By House Committee on:
Transportation*

Title: An act relating to the local taxation of the sale or distribution of motor vehicle fuels.

Brief Description: Authorizing cities to impose an excise tax on the sale or distribution of motor vehicle fuel and special fuel.

Sponsor(s): Representatives Kremen, Braddock, R. Fisher, Spanel, R. Johnson and Nelson.

Brief History:

Reported by House Committee on:
Transportation, February 12, 1991, DPS.

**HOUSE COMMITTEE ON
TRANSPORTATION**

Majority Report: *That Substitute House Bill No. 1342 be substituted therefor, and the substitute bill do pass.* Signed by 16 members: Representatives R. Fisher, Chair; R. Meyers, Vice Chair; Chandler, Assistant Ranking Minority Member; Basich; Cantwell; Cooper; Day; Haugen; Heavey; P. Johnson; R. Johnson; Jones; Kremen; Nelson; Orr; and Zellinsky.

Minority Report: *Without recommendation.* Signed by 6 members: Representatives Brough; G. Fisher; Forner; Mitchell; Schmidt; and Wood.

Staff: Roger Horn (786-7839); and Louise Bray Sandison (786-7322).

Background: Under current law cities receive a portion of the state-levied motor vehicle fuel tax. In addition, certain local option taxing authority is available to cities: a share of a county-levied motor vehicle fuel tax (10 percent of state rate), a share of a county-levied vehicle registration fee (up to \$15 per vehicle), a city street utility, and a city parking tax.

It is thought that cities need additional authority to levy a fuel tax for city street maintenance and construction.

Summary of Substitute Bill: "Border area cities" are authorized to enact, with voter approval, a tax of up to one cent per gallon on motor vehicle fuel and special fuel. "Border area cities" are cities whose close proximity to an international crossing results in extraordinary traffic levels and impacts. Cities so specified include Sumas, Blaine, Lynden, Nooksack and Everson.

Cities imposing the tax would be responsible for collection. Revenue accruing from the tax, less cost of administration, may be used only for street maintenance and construction.

Substitute Bill Compared to Original Bill: Taxing authority is limited to specific "border area cities". Cities levying the tax are required to collect and administer it.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: Canadians come to small border cities specifically to buy gas. The heavy traffic causes deterioration of roads and creates a need for more signals and other traffic improvements. The revenue received from the gas tax distributions and other sources is insufficient to meet these needs.

Testimony Against: The countywide local option fuel tax passed in 1990 already provides cities with a means of deriving additional revenue.

Witnesses: Butch Hinchey, City of Blaine (in favor); Kathryn Harvey, City of Sumas (in favor); Randy Ray, Washington Oil Marketers Association (opposed); Gary Lowe, Washington Association of Counties; and Ron Anderson, Department of Transportation.