

HOUSE BILL REPORT

HB 1481

As Reported By House Committee On:
Revenue

Title: An act relating to taxation of ships and vessels.

Brief Description: Modifying taxation of ships and vessels.

Sponsors: Representatives G. Fisher, Foreman, Wang and Quall;
by request of Department of Revenue.

Brief History:

Reported by House Committee on:
Revenue, February 26, 1993, DPA.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass as amended. Signed by 16 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Bob Longman (786-7139).

Background: Currently the collection of commercial vessel ad valorem property tax is performed by the county treasurers and the county assessors, while the Department of Revenue administers the tax. This is burdensome for the local governments as well as confusing and time consuming for taxpayers. Local governments receive none of the revenue, though they do all the collecting.

Summary of Amended Bill: This bill removes the collection responsibility from county treasurers and gives it to the Department of Revenue. The language applies the same penalties and interest for noncompliance imposed under the excise tax code.

Consolidating tax collection at the state level will allow the Department of Revenue to apply reliable tax administration tools and increase revenue collection, while putting responsibility for collection with the level of government that benefits.

Amended Bill Compared to Substitute Bill: The amended bill deletes the identification number decal display requirement.

Fiscal Note: Available

Appropriation: \$137,000 is appropriated from the state general fund.

Effective Date of Amended Bill: The bill takes effect January 1, 1994.

Testimony For: Since vessels pay only the state school taxes and not local property taxes and the Department of Revenue already determines the vessel's value, the department, rather than the county treasurers should collect the tax.

Testimony Against: None.

Witnesses: (All in favor): Ryan Spiller, Department of Revenue; Mike Murphy, Thurston County Treasurer; and Ben Gassaway, Washington Association of County Officials. (Some concerns with Section II): Randy Ray, Puget Sound Steamship Association.