

SENATE BILL REPORT

SB 5053

AS PASSED SENATE, MARCH 5, 1993

Brief Description: Requiring the department of licensing to collect the local vessel excise tax on behalf of the counties.

SPONSORS: Senators A. Smith, Haugen, Loveland and McAuliffe

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, Owen, and Winsley.

Staff: Katie Healy (786-7784)

Hearing Dates: January 20, 1993; January 22, 1993

BACKGROUND:

An excise tax is imposed by the state for the privilege of using a vessel upon state waters. Certain vessels are exempt. The Department of Licensing collects the tax, depositing it into the general fund.

A county which is party to an interlocal agreement may impose a local excise tax on watercraft if population requirements are met. The monies collected by such counties are distributed monthly to the parties of the interlocal agreement, and are to be used only for administration and enforcement of boating safety, search and rescue operations concerning boating, and boating patrols.

The cost effectiveness of the program might be enhanced if the counties are able to contract with the state in the administration, collection and distribution of local excise taxes on watercraft.

SUMMARY:

Counties must contract with the Department of Licensing (DOL) for the administration and collection of a local excise tax on watercraft using state waters. A local vessel excise tax account is created in the state treasury, and these monies may only be used for distribution to counties imposing such taxes.

The director of DOL establishes rules to collect the local taxes in conjunction with the collection of the state watercraft excise tax. The contract provides for a deduction, not to exceed 2 percent, from the collected taxes to pay for DOL's administration and collection expenses.

Every month the state treasurer distributes to the counties the amount of local tax collected, minus DOL's administrative deduction. No appropriation is necessary. If an ordinance or resolution imposes a local excise tax at an excessive rate, the ordinance or resolution is void only to the extent that the rate is excessive.

Appropriation: none

Revenue: none

Fiscal Note: requested January 13, 1993

TESTIMONY FOR:

The taxation of watercraft is streamlined. Citizens complain that they get the state tax paid but there is confusion about when the local excise tax is paid and some difficulty in receiving the appropriate notice or stickers. Sometimes there is a gap of a few weeks before both will be paid, and the vessel is out of compliance if all appropriate taxes are not paid.

TESTIMONY AGAINST: None

TESTIFIED: Pat Lemagie, Pierce County Sheriff's Department (pro);
Ron Main, King County Council Governmental Relations (pro)