

**SENATE BILL REPORT**

**ESB 5978**

**AS PASSED SENATE, APRIL 14, 1993**

**Brief Description:** Modifying disposition of motor vehicle excise tax revenue.

**SPONSORS:** Senator Rinehart; by request of Office of Financial Management

**SENATE COMMITTEE ON WAYS & MEANS**

**Staff:** Terry Wilson (786-7715)

**Majority Report:** Do pass.

Signed by Senators Rinehart, Chairman; Bauer, Gaspard, Hargrove, Hochstatter, Jesernig, Owen, Pelz, Quigley, Snyder, Sutherland, West, Williams, and Wojahn.

**Hearing Dates:** April 13, 1993

**BACKGROUND:**

The state imposes an excise tax for the privilege of using a motor vehicle in this state. The tax is levied annually on the value of the motor vehicle at the rate of 2.2 percent. The value against which the tax rate is applied is the Manufacturer's Suggested Retail Price, reduced each year according to a statutory schedule. The tax is in lieu of personal property taxes on motor vehicles. The tax does not apply to rental cars which instead are subject to an additional sales tax on each rental.

The revenues generated by the motor vehicle excise tax are deposited into various accounts for various purposes. Revenues remaining after all of these distributions are retained in the state general fund and are subject to appropriation for general governmental purposes.

Local transit agencies are authorized to levy a motor vehicle excise tax of up to .725 percent which is credited against the state tax. The revenues generated by the local tax are distributed to the local transit agencies to the extent the agencies match the tax revenues with revenues from other sources. These other sources include a local voter-approved sales tax of up to 0.6 percent, a household tax, and a business and occupation tax.

Amounts equal to the difference between the revenues that are matched by local transit agencies under the .725 percent rate and the amount of revenues that could have been matched by the transit agencies based on their locally generated revenues if the local rate were .815 percent are deposited into three transit accounts and used for high occupancy vehicle lanes,

Transportation Improvement Board project matches, high capacity transportation, and other transit-related roadway improvements.

The transportation fund receives: 1) 5.0 percent of the revenues from the basic 2.0 percent rate beginning July 1, 1993, 2) all revenues from the additional rate of 0.2 percent, and 3) the transit residual. The transit residual is a sum equal to the difference between the revenues that are matched by local transit agencies and the amount of revenues that would have been generated by the transit agencies if the local rate were .815 percent, less the distributions to the transit accounts.

**SUMMARY:**

The deposit of 5.0 percent of the revenues from the basic 2.0 percent rate into the transportation fund beginning July 1, 1993, is delayed until July 1, 1997. In addition, the transit residual is deposited into the state general fund for the 1993-95 biennium instead of into the transportation fund.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested April 9, 1993

**Effective Date:** The bill contains an emergency clause and takes effect June 30, 1993.

**TESTIMONY FOR:** None

**TESTIMONY AGAINST:** None

**TESTIFIED:** No one

**HOUSE AMENDMENT(S):**

The implementation date for deposit of 5.0 percent of the MVET revenues from the basic 2.0 percent rate into the transportation fund (originally scheduled for July 1, 1993) is moved from July 1, 1997, to July 1, 1995.