

HOUSE BILL REPORT

ESHB 1011

As Passed Legislature

Title: An act relating to state and county ferries.

Brief Description: Exempting state and county ferry fuel sales and use tax.

Sponsors: By House Committee on Transportation Policy & Budget (originally sponsored by Representatives K. Schmidt, Johnson, Skinner, Zellinsky, Mitchell, Robertson, Fisher, Hatfield, Hankins, Smith, Dunn, Mielke, Anderson and O'Brien).

Brief History:

Committee Activity:

Transportation Policy & Budget: 1/13/97, 2/4/97 [DPS].

Floor Activity:

Passed House: 2/21/97, 72-24.

Passed Legislature.

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Blalock, Assistant Ranking Minority Member; Backlund; Buck; Cairnes; Chandler; DeBolt; Gardner; Hatfield; Johnson; Murray; O'Brien; Ogden; Radcliff; Robertson; Scott; Skinner; Sterk; Wood and Zellinsky.

Minority Report: Do not pass. Signed by 2 members: Representatives Cooper, Assistant Ranking Minority Member; and Constantine.

Staff: Roger Horn (786-7839).

Background: Unless specifically exempted, all vehicle fuels not subject to the motor vehicle or special fuel tax are subject to the retail sales and use tax. Under current law fuel purchased for ferry use is exempt from the fuel tax and is, therefore, subject to the sales and use tax. Public agencies operating ferries in Washington include the Washington State Ferries Division of the Department of Transportation, and the counties of Wahkiakum, Whatcom, Skagit and Pierce.

Motor vehicle fuel and special fuel used by urban transportation (transit) systems, or to transport persons with special needs by private, nonprofit transportation providers, are exempt from both fuel tax and retail sales and use tax.

Summary of Bill: Special fuel (diesel) and motor vehicle fuel (gasoline) purchased to operate ferries owned or operated by the state or one of its political subdivisions are exempt from the retail sales and use tax.

Appropriation: None.

Fiscal Note: Requested on January 8, 1997.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: Washington State Ferries provides transit services and should be given the same exemption on fuel as transit systems that use roads. The additional revenue is needed to support ferry operations.

Testimony Against: None.

Testified: Terry McCarthy, Washington State Ferries.