

HOUSE BILL REPORT

HB 2336

As Reported By House Committee On:

Finance

Title: An act relating to the reinstatement of the exemption from property tax for motor vehicles, travel trailers, and campers eliminated by Initiative 695.

Brief Description: Reinstating the property tax exemption for motor vehicles, travel trailers, and campers.

Sponsors: Representatives Rockefeller, Fortunato, Buck, Conway, Morris, Ogden, Lovick, Haigh, Edmonds, Anderson, Ruderman, Stensen, Regala, O'Brien, Schoesler, Wolfe, Kenney, Dunshee, Kagi, Dickerson, Cody, Keiser, Kessler, Carlson, Linville, Wood, Schual-Berke, Alexander, Hurst, Santos, Lantz, Talcott, D. Schmidt, Pennington, Carrell and Dunn; by request of Governor Locke.

Brief History:

Committee Activity:

Finance: 1/18/00, 2/1/00 [DPS].

Brief Summary of Substitute Bill

- Exempts motor vehicles, travel trailers, and campers from property taxation.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Cairnes, Republican Vice Chair; Reardon, Democratic Vice Chair; Carrell; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Background:

All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law. Taxable property includes both real property and personal property. Real property is land and the buildings, structures, or improvements that are affixed to the land. Personal property includes all other property.

Initiative 695 repealed the motor vehicle excise tax and the travel trailer and camper excise tax. The motor vehicle excise tax was adopted in 1937. Prior to that time vehicles were subject to property tax. The motor vehicle excise tax statutes contained an exemption from property taxes. In 1943, house trailers were added to the motor vehicle excise tax. In the 1970s, a separate statute was created for the excise tax on travel trailers and campers. The travel trailer and camper excise tax statutes contained an exemption from property taxes. Initiative 695 repealed the property tax exemptions for motor vehicles, travel trailers, and campers.

In 1999, the Legislature adopted a bill to make permanently sited park trailers subject to property taxes. A park trailer is permanently sited if it is placed on blocks or posts with connections for water, sewer, or other utilities for the operation of installed fixtures and appliances.

Summary of Substitute Bill:

Motor vehicles, travel trailers, and campers are exempt from property taxation. The property tax is retained on park trailers that are permanently sited. The act applies retrospectively to January 1, 2000.

Substitute Bill Compared to Original Bill: The substitute bill adds language to retain the property tax on park trailers that are permanently sited.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Initiative 695 repealed the property tax exemption for vehicles. This bill restores the exemption as it existed before I-695. The Governor is committed to implementing I-695 and clarify where necessary. This bill just clarifies that I-695 did not intend to have property tax apply to vehicles.

(Concerns) Last year, for the second time, the Legislature reinstated property tax on park model trailers. Park model trailers are fixed in place and do not travel the highways. The bill would exempt park model trailers along with other trailers from property tax. The bill should be amended to retain the property tax on park model trailers.

Testimony Against: None.

Testified: Representative Phil Rockefeller, prime sponsor; Jim Hedrick, Office of Financial Management; and Fred Saeger, Washington Association of County Officials.