

HOUSE BILL REPORT

SHB 1789

As Passed House:

March 11, 1999

Title: An act relating to the decriminalization of license fraud violations and establishing a license fraud task force in the Washington state patrol.

Brief Description: Decriminalizing license fraud and establishing a license fraud task force in the Washington state patrol.

Sponsors: By House Committee on Transportation (Originally sponsored by Representatives Ogden, K. Schmidt, Fisher, Radcliff and Skinner).

Brief History:

Committee Activity:

Transportation: 3/1/99, 3/2/99 [DPS].

Floor Activity:

Passed House: 3/11/99, 95-0.

Brief Summary of Substitute Bill

- Decriminalizes license fraud and imposes a fine of \$1,000 to \$10,000 for intentionally avoiding a payment of Washington taxes and fees.
- Creates a task force to enforce new civil penalties.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Fisher, Democratic Co-Chair; K. Schmidt, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Edwards, Democratic 2nd Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Buck; G. Chandler; DeBolt; Fortunato; Haigh; Hatfield; Hurst; Lovick; Mielke; Mitchell; Morris; Murray; Ogden; Pflug; Radcliff; Romero; Scott; Skinner and Wood.

Minority Report: Do not pass. Signed by 2 members: Representatives McDonald and Schindler.

Staff: Jennifer Hanlon Ziegler (786-7316).

Background:

Failure to register a vehicle in Washington before operating it on a state highway constitutes a misdemeanor with a fine of no less than \$330. Licensing a vehicle in another state to evade any tax or license fee is a gross misdemeanor, punishable by up to one year in the county jail and a fine equal to twice the amount of the delinquent taxes and fees.

Registering an aircraft in another state or registering a vessel in another state or foreign country to avoid the Washington excise tax constitutes a gross misdemeanor. Failure to pay the annual tax imposed on a travel trailer or camper is a misdemeanor.

Failure to pay any excise taxes by the due date will result in a penalty of 5 percent of the amount of the tax. Failure to pay within one month of the due date will result in a penalty of 10 percent of the tax and failure to pay within two months will result in a penalty of 20 percent of the tax.

Summary of Bill:

The Legislature intends to decriminalize license fraud and impose stronger civil penalties upon residents who do not comply with state vehicle registration laws.

A license fraud task force is coordinated by the Washington State Patrol. One sergeant oversees three task force detectives, one Department of Revenue tax discovery agent, and an assistant attorney general.

Anyone who fails to register a vehicle before operating it on a state highway is liable for a penalty of \$350 for each violation. Individuals who license a vehicle in another state to avoid paying any tax or license fee are liable for a minimum monetary penalty of \$1,000 and a maximum penalty of \$10,000.

Any individual who fails to pay the aircraft excise tax, the watercraft excise tax, or the trailer and camper excise tax is liable for a minimum monetary penalty of \$1,000 and a maximum penalty of \$10,000.

If an individual does not pay the Washington State Patrol within 15 days of the notice of the penalty, the attorney general brings an action in superior court to recover the penalty, administrative fees, and attorney's fees. All penalties recovered must be paid into the state treasury and credited to the State Patrol Highway Account.

There is a rebuttable presumption of a tax deficiency and intent to avoid the excise taxes if a person fails to properly register or license a motor vehicle, aircraft, watercraft, trailer, or camper.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original bill) Those individuals who properly pay their Washington taxes and license fees are frustrated when the law is not enforced. This legislation increases the chance for enforcement and maintains the successful partnerships with other agencies.

Testimony Against: (Original bill) There is a stigma attached to criminal penalties. Simply increasing the fines will not serve as an effective deterrent.

Testified: (Support) Annette Sandberg, Washington State Patrol; and Eric Anderson, Department of Licensing.

(Opposed) Anders Tronsen, citizen.