

FINAL BILL REPORT

SB 6865

C 1 L 00 E1

Synopsis as Enacted

Brief Description: Replacing vehicle excise taxes with a fixed license fee.

Sponsors: Senators Loveland, Snyder, Eide, Franklin, McCaslin, Horn, Bauer, T. Sheldon, McAuliffe, Hargrove, Zarelli, Shin, Hale, Swecker, Long, Winsley, Haugen, Gardner, Deccio, Rossi, Patterson, Costa, Rasmussen, Roach, Goings, Benton, Johnson, Honeyford, Stevens, Oke and West.

Background: Prior to adoption of Initiative 695 in November 1999, a fee was imposed annually for licensing motor vehicles in this state. Original registration fees were \$27.75 and renewal registrations were \$23.75. Most of these fees were deposited into the State Patrol Highway Account, but a small amount of each fee was deposited into the Ferry Operations Account and the Motor Vehicle Fund. The state also imposed an excise tax for the privilege of using a motor vehicle on the highways of the state. The tax was levied annually at 2.2 percent of the value of the vehicle. The value was reduced each year according to a statutory schedule. The revenues generated by the motor vehicle excise tax were deposited into various accounts for various purposes. A local tax was authorized for public transit districts equal to 0.725 percent of the value of the vehicle. The local tax was credited against the state tax. Additionally, the state imposed a tax on travel trailers and campers. The tax was levied annually at 1.1 percent of the value of the vehicle. The value was reduced each year according to a statutory schedule. The revenue from the travel trailer and camper excise tax was distributed: 13.64 percent to cities, 13.64 percent to counties, and 63.64 percent to the state general fund for the common schools.

Initiative 695 replaced the fees with an annual license tab fee of \$30 for motor vehicles, regardless of year, value, make, or model, beginning January 1, 2000, and repealed the taxes on motor vehicles, travel trailers, and campers.

On March 14, 2000, the King County Superior Court invalidated Initiative 695 in its entirety on several grounds.

Summary: Current license tab fees are replaced with an annual license tab fee of \$30 for motor vehicles, regardless of year, value, make, or model, beginning January 1, 2000, and the taxes on motor vehicles, travel trailers, and campers are repealed.

Votes on Final Passage:

First Special Session

Senate 39 9

House 85 13

House 84 14 (House reconsidered)

Effective: March 31, 2000

