

Transportation Committee

HB 2125

Brief Description: Clarifying the repeal of motor vehicle taxes.

Sponsors: Representatives Mastin (co-prime sponsor), Fromhold (co-prime sponsor), Delvin, Kessler, Pearson, Anderson, Roach, Morell, Casada, Jarrett, Schindler and Marine.

Brief Summary of Bill

- *The Thurston County Superior Court recently ruled that the repeal of the state Motor Vehicle Excise Tax (MVET) did not prevent collection of the local option MVET by transit agencies.*
- *The local option MVET for transit is repealed.*

Hearing Date: 2/20/01

Staff: Gene Baxstrom (786-7303).

Background:

Prior to January 1, 2000 the state imposed a 2.2 percent Motor Vehicle Excise Tax (MVET) on the value of motor vehicles registered in the state. Public transportation agencies were also authorized to impose an up to 0.725 percent excise tax which was credited against the state 2.2 percent rate, so the MVET rate was uniform across the state. The statute authorizing transit agencies to impose the tax makes reference to, and requires that the tax be imposed in accordance with, sections of law governing the state MVET.

Initiative 695 (I-695), approved by the voters in November 1999 repealed the sections of law imposing the state MVET. The initiative also imposed a \$30 annual license fee and eliminated other vehicle registration fees.

After I-695 was found unconstitutional, the Legislature during the 2000 session enacted elements of the initiative that repealed the state MVET and implemented the \$30 license

fee. This act did not remove the authority for transit agencies to impose the 0.725 percent MVET for public transportation. A February 2001 ruling by the Thurston County Superior Court found that the 2000 legislative act had not implicitly repealed the authority for transit agencies to levy and collect the local option 0.725 percent MVET.

This MVET is separate and distinct from the voter approved MVET which regional transit authorities are authorized to impose in the central Puget Sound area.

Summary of Bill:

The local option 0.725 percent motor vehicle excise tax which transit agencies may impose is repealed, as is the local in-lieu of excise tax sales tax on car rentals. Other statutes related to the collection and distribution of the transit system imposed motor vehicle excise tax are repealed.

Appropriation: None.

Fiscal Note: Requested on February 15, 2001.

Effective Date: The bill contains an emergency clause and applies retroactively to January 1, 2000.