

SENATE BILL REPORT

ESB 5959

As Passed Senate, June 13, 2001

Title: An act relating to repealing local motor vehicle taxes.

Brief Description: Repealing local motor vehicle taxes.

Sponsors: Senators Benton, Swecker, McDonald, Hochstatter, Johnson, Stevens, Honeyford, Roach, Rossi, Long, West and T. Sheldon.

Brief History:

Committee Activity: Transportation

First Special Session: Passed Senate: 5/8/01, 32-12.

Second Special Session: Passed Senate: 6/13/01, 32-16.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Jennifer Strus (786-7484)

Background: Initiative 695 passed in November 1999 repealing the Motor Vehicle Excise Tax (MVET). RCW 35.58.273 (local excise tax for transit) was not among the 44 sections that I-695 expressly repealed.

In late 1999, the state Attorney General's Office concluded that I-695 impliedly repealed RCW 35.58.273 because of the close relationship between the collection of state MVET and the local excise tax (the local tax was applied as a credit against the MVET collected). Accordingly, as of January 1, 2000, state and local agencies did not collect the tax.

During the 2000 legislative session, SB 6865 passed the Legislature. SB 6865 repealed the MVET and imposed a \$30 license tab fee. It also repealed eight sections of the law; RCW 35.58.273 was not included in those sections.

On May 17, 2000, ATU Legislative Council of Washington State and Washington State Transit Association v. State of Washington and 26 Counties and their Auditors was filed in Thurston County Superior Court. The lawsuit asked the court to declare that RCW 35.58.273 was not impliedly repealed by SB 6865.

In October 2000, the Washington State Supreme Court affirmed the King County Superior Court decision invalidating I-695.

On February 2, 2001, Thurston County Superior Court judge rules that SB 6865 did not impliedly repeal RCW 35.58.273. The court further ruled that the Department of Licensing, not the county auditors or the transit districts, has the primary obligation to collect the tax. The judge stayed the implementation of his decision pending the outcome of any appeal.

Summary of Bill: RCW 35.58.273 and all other statutes regarding the expenditure of money generated by that statute are repealed. The effect of the bill is specifically made retroactive to January 1, 2000.

Appropriation: None.

Fiscal Note: Not requested.

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