

FINAL BILL REPORT

ESHB 2231

PARTIAL VETO

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Synopsis as Enacted

Brief Description: Authorizing transportation financing alternatives.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Murray, Wallace, Cooper, Clibborn, Rockefeller, Simpson, Hudgins and Hankins).

House Committee on Transportation

Background:

Transportation funding in Washington is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a 23 cent per gallon tax on motor vehicle and special fuel tax, vehicle licensing fees, and gross weight fees.

The 18th Amendment to the Washington State Constitution requires that the motor fuel tax, which is currently 23 cents per gallon, and the vehicle licensing fees be deposited into the Motor Vehicle Fund. Monies in that fund may be spent only for highway purposes. "Highway purposes" includes, highways, ferries, and park and ride lots, but excludes transit and rail.

Other transportation funding is not restricted by the 18th Amendment. These funds are often referred to as "multimodal" or flexible funding, these monies may be spent for any transportation purpose which includes transit and rail.

When motor vehicles are sold in Washington, sales or use tax of 6.5 percent is applied to the sale.

There are distributions of motor fuel and special fuel tax for offroad purposes which includes off road vehicles, snowmobiles, and marine. The rate of 18/23rds is used to calculate the refund distributions.

Washington has specialized license plates that have been approved by the Legislature. There has been a reduction in the number of new specialized plates in recent years.

Summary:

The Transportation 2003 Account (Account) is created in the Motor Vehicle Fund. Money in the Account may only be spent on projects identified as Transportation 2003

projects and the debt service on the bonds sold to fund the projects. Once the projects have been completed, moneys in the Account may be spent only on the debt service to pay off the bonds, and if there are additional funds in the Account, they may be spent for maintenance on the Transportation 2003 projects.

Beginning July 1, 2003, the state gas tax and special fuel tax are increased by 5 cents per gallon. All of the revenue generated by the increase is deposited into the Transportation 2003 Account. The increase in the gas tax expires when the bonds sold to pay for the Transportation 2003 projects are retired.

Beginning August 1, 2003, the gross weight portion of the combined licensing fee paid by trucks, tractors, and buses is increased by 15 percent for vehicles over 10,000 pounds. The proceeds from the increased percentage must be deposited in the Transportation 2003 Account.

Beginning July 1, 2003, the sales and use tax applicable to motor vehicles is increased by three tenths of 1 percent. The revenues collected from the increase in the tax on motor vehicles must be deposited in the Multimodal Transportation Account. Farm tractors, farm vehicles, off road and nonhighway vehicles, and snowmobiles are not included.

The rate at which refund distributions are calculated for off-road vehicles, snowmobiles, and marine usage is increased by 1 cent in each of the next five bienniums.

By November 1, 2003, Department of Licensing must offer the option to retain license plate numbers at the time of replacement for \$20. The Department of Licensing must offer special license plate design services for a fee of \$1,500 and then \$500 for each rendition thereafter. If House Bill 2065 becomes law by June 30, 2003, this provision regarding licenses plates becomes null and void.

Votes on Final Passage:

House 51 46
Senate 29 20 (Senate amended)
House (House refused to concur)
Senate 38 11 (Senate amended)
House 60 38 (House concurred)

Effective: July 27, 2003
July 1, 2003 (Sections 301 - 602)
August 1, 2003 (Sections 201 - 202)

Partial Veto Summary: The Governor vetoed the section of the bill that would have provided that the provisions relating to license plate technology would become null and void if House Bill 2065 becomes law by June 30, 2003.

