

HOUSE BILL REPORT

HB 2231

As Reported by House Committee On:
Transportation

Title: An act relating to transportation and financing.

Brief Description: Authorizing transportation financing alternatives.

Sponsors: Representatives Murray, Wallace, Cooper, Clibborn, Rockefeller, Simpson, Hudgins and Hankins.

Brief History:

Committee Activity:

Transportation: 3/26/03, 3/28/03 [DPS].

Brief Summary of Substitute Bill

- Increases the motor vehicle and special fuel tax by 3 cents.
- Increases gross weight fees 15 percent for trucks over 10,000 pounds.
- Implements a vehicle transfer tax of .6 percent.
- Implements a clean air fee of \$2 on vehicle registration renewals.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member; Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Lovick, Morris, Romero, Sullivan, Wallace, Wood and Woods.

Minority Report: Do not pass. Signed by 8 members: Representatives Ericksen, Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Kristiansen, Nixon and Shabro.

Staff: Jerry Long (786-7306).

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, 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, and vehicle licensing fees be deposited into the Motor Vehicle Fund. Monies in that fund may only be spent 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. Often referred to as "multimodal" or "flexible" funding, these monies may be spent for any transportation purposes which would include transit and rail.

Prior to 2000 each owner of a motor vehicle paid a \$2 per vehicle clean air excise tax at the time of initial vehicle registration or renewal. Funds from this fee were used to implement provisions of the Clean Air Act.

Summary of Substitute Bill:

Beginning July 1, 2003, the statewide motor vehicle fuel tax and special fuel tax is increased 3 cents per gallon. Revenues generated from this income must be deposited into the Motor Vehicle Account to be used for highway purposes.

The gross weight fee is increased 15 percent for trucks over 10,000 pounds. Revenues generated by the increase must be deposited in the Motor Vehicle Account to be used for highway purposes.

Beginning July 1, 2003, a vehicle transfer tax of .6 percent is imposed upon the sales price or value of a vehicle when an ownership change occurs. The proceeds are deposited into the multimodal account and must be used for transportation purposes.

Beginning July 1, 2003, a clean air fee of \$2 is imposed on motor vehicles at the time of renewal. Funds from this fee must be deposited in the Air Pollution Control Account.

Substitute Bill Compared to Original Bill:

The substitute bill includes a provision for the increased gross weight fees to be expended solely on the direct benefit of the movement of freight. The amount of gas tax used for the calculation was increased. Funds resulting from the increase are to be used for eligible refunds for off road purposes, snowmobile recreation, and marine activities.

Appropriation: None.

Fiscal Note: Requested on March 25, 2003.

Effective Date of Substitute Bill: The bill takes effect on July 1, 2003.

Testimony For: The bill is supportive of the revenue package, a movement forward, but does not address the total transportation needs in the state. There was testimony that it was a start in the right direction and would like to see a larger revenue package. The additional revenue would increase jobs in the state.

Testimony Against: The association could not support the package in its current form due to the proposed .6 percent vehicle transfer tax in addition to the existing taxes on vehicle sales.

Testified: (In support) Representative Murray, prime sponsor; Larry Pursley, Washington Trucking Association; Pat Jones, Washington Public Ports Association; Randy Ray, Puget Sound Steamship Operators Association; Rick Nickman, Identity Clark County and Seattle Mariners; Gene Schlatter, Vulcan Northwest and Port Blakely Tree Farms; Duke Schaub, Association of General Contractors of Washington; Mike Ryherd, Puget Sound Clean Air Agency; Kevin Shively, Transportation Choices Coalition; Robert Pregulman, Washington Public Interest Research Groups; Genesee Adkins, 1000 Friends of Washington; Donna Ewing, Washington League of Women Voters; Clifford Traisman, Washington Conservation Voters and Washington Environmental Council; Bill Stauffacher, Burlington Northern Santa Fe Railroad; Tom Parker, Union Pacific; Doug Levy, Cities of Everett and Kent; and Jackie White, Association of Cities.

(Opposed) Jim Boldt, Washington Auto Dealers Association.