

SENATE BILL REPORT

ESHB 2231

As of April 15, 2003

Title: An act relating to transportation and financing.

Brief Description: Authorizing transportation financing alternatives.

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

Brief History:

Committee Activity:

Staff: Dean Carlson (786-7305)

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 vehicle 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 the State Patrol.

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 purpose.

Summary of Amended Bill: The Transportation 2003 account (the nickel fund) is created in the Motor Vehicle Fund. Money in the account may only be spent on projects identified as Transportation 2003 projects and on the debt service on the bonds sold to fund the projects. Once the projects are complete, moneys in the account can only be spent on the debt service to pay off the bonds, and if there are additional moneys, they may be spent on maintenance of the same 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 Transportation 2003 projects are retired.

The gross weight portion of the combined licensing fee paid by trucks, tractors, and buses is increased by 15 percent for those vehicles over 10,000 pounds. Motor homes are added to those types of vehicles subject to the combined licensing fee. The proceeds from the

increased percentage and the fees collected from motor homes 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.

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

Amended Bill Compared to Substitute Bill: The Engrossed Substitute House bill was not considered.

Appropriation: None.

Fiscal Note: Requested on April 7, 2003.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2003, except for sections 101 and 102, which take effect August 1, 2003.