

# SENATE BILL REPORT

## SB 5247

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As Reported By Senate Committee On:  
Highways & Transportation, February 6, 2003

**Title:** An act relating to an alternative local option fuel tax.

**Brief Description:** Authorizing an alternative local option fuel tax.

**Sponsors:** Senators Horn, Haugen, Esser, Jacobsen, Kastama, Prentice, Oke, Swecker and Schmidt.

**Brief History:**

**Committee Activity:** Highways & Transportation: 1/29/03, 2/6/03 [DPS, DNP].

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### SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5247 be substituted therefor, and the substitute bill do pass.

Signed by Senators Horn, Chair; Esser, Finkbeiner, Haugen, Jacobsen, Oke, Prentice and Spanel.

**Minority Report:** Do not pass.

Signed by Senator Benton, Vice Chair.

**Staff:** Dean Carlson (786-7305)

**Background:** Under current law, counties have the authority to levy a local fuel tax at a rate equal to 10 percent of the state fuel tax rate. The county fuel tax is subject to a vote of the people and is distributed to the county, and the cities within the county, by a formula based on population.

In 2002, the Legislature authorized the creation of Regional Transportation Investment Districts for certain counties. A Regional Transportation Investment District can impose regional taxes to raise revenue for construction projects on highways of statewide significance within the district, based on a plan developed by the district and sent to a vote of the people.

**Summary of Substitute Bill:** A county or a Regional Transportation Investment District may levy a local fuel tax at a rate equal to 10 percent of the state fuel tax rate. The fuel tax is subject to a vote of the people and is in lieu of the local fuel tax already authorized in statute. The revenues from the tax must be spent in accordance to a Regional Transportation Investment District plan and must only be spent for "highway purposes" as defined in the 18th Amendment of the Constitution.

Administration and collection of local option fuel taxes is moved from the Department of Licensing to the Department of Revenue.

**Substitute Bill Compared to Original Bill:** The substitute added the ability of a Regional Transportation Investment District to levy a local option fuel tax at a rate equal to 10 percent of the state rate. The substitute also reduces the maximum amount the Department of Revenue could collect for administration from 2 percent to 1 percent.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** We appreciate the willingness of the Legislature to provide a fuel tax option, but would like to see it be six cents with an index. We support the legislation, but would like to see four to six cents instead of the current rate. We generally oppose local option fuel taxes but don't object to the bill. This would be tough to administer. We would like you to consider a collection fee. We would like to see the tax collected at the retail level.

**Testimony Against:** None.

**Testified:** Scott Merriman, Wash. St. Assoc. of Counties (pro); Doug Levy, cities of Everett, Kent, Federal Way (pro); Mike Doubleday, city of Bellevue (pro); Greg Hanon, Western States Petroleum Assoc. (comments); Charlie Brown, Washington Oil Marketers Assoc. (comments).