

HOUSE BILL REPORT

HB 2312

As Reported by House Committee On:
Transportation

Title: An act relating to transportation revenue.

Brief Description: Providing funding and funding options for transportation projects.

Sponsors: Representatives Murray and Simpson.

Brief History:

Committee Activity:

Transportation: 4/11/05, 4/12/05 [DPS].

Brief Summary of Substitute Bill

- Provides transportation funding for the Transportation Appropriations Act.
- Increases motor vehicle and special fuel taxes 9.5 cents over four years.
- Creates the Transportation 2005 Account and the Freight Mobility Investment Account.
- A vehicle scale weight fee is established and the weight fee schedules are increased for vehicles under 10,000 pounds.
- Private use trailer registration fees are reduced from \$30 to \$15.
- Implements an annual motor home vehicle weight fee of \$75.
- Identifies Department of Licensing fees to cover the cost of providing the services, and fees are raised accordingly.

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; Woods, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Campbell, Curtis, Dickerson, Flannigan, Hankins, Hudgins, Jarrett, Lovick, Morris, Sells, Shabro, Simpson, B. Sullivan, Upthegrove and Wood.

Minority Report: Do not pass. Signed by 9 members: Representatives Wallace, Vice Chair; Appleton, Buck, Ericksen, Kilmer, Nixon, Rodne, Schindler and Takko.

Staff: Jerry Long (786-7306).

Background:

The biennial transportation budget is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a 28 cent-per-gallon tax on motor vehicles, special fuel taxes, licenses, permits and fees. A portion of the transportation revenue, for example the motor fuel tax, is restricted by the 18th amendment and must be deposited into the Motor Vehicle Fund. Monies in that fund may be spent only for highway purposes. Highway purposes include, highways, ferries, and policing of the highways, but excludes rail and transit.

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

Substitute Senate Bill 6814, enacted in 2002, requires the Department of Licensing (DOL) to conduct a biennial study comparing the fees it charges for services, to the actual cost of the services. The study is to be submitted to the transportation committees of the Legislature in even-numbered years. The initial study, submitted in 2004, found that a number of fees are insufficient to cover the DOL's cost of providing the services.

To support the proposed transportation funding plan, additional revenue is required.

Summary of Substitute Bill:

Part I - Fuel Taxes

Motor vehicle and special fuel taxes are raised 9.5 cents over four years. Beginning on July 1, 2005, the rate will increase from 28 cents to 31 cents (3 cents). On July 1, 2006, the rate will increase from 31 cents to 34 cents (3 cents). On July 1, 2007, the rate will increase from 34 cents to 36 cents (2 cents). On July 1, 2008, the rate will increase from 36 cents to 37.5 cents (1.5 cents).

The equivalent of one-half cent from the first 3 cent increase and one-half cent from the subsequent 3 cent increase will be distributed directly to cities and counties based on the distribution formula currently in statute. This distribution will continue on into perpetuity. All remaining proceeds will be distributed to the new Transportation 2005 Account created in the Transportation Appropriations Act. The account will retain 100 percent of its interest earnings.

Part II - Vehicle Weight Fees

A vehicle weight fee is established for passenger vehicles, based on the vehicle scale weight. There shall be collected annually for motor vehicles subject to the \$30 license fee except for motor homes, a vehicle weight fee based on the vehicle scale weight. The vehicle scale weight fee will be that portion of the fee as reflected on the weight schedule set forth in the Combined Licensing Fee (CLF) weight schedule that is in excess of the existing \$30 licensing fee. The proceeds from these fees will be deposited into the Multimodal Transportation Account. Proceeds from the passenger vehicle weight fee must be used for transportation purposes and may not be used for the general support of state government.

- For vehicles weighing less than 4,000 pounds or currently registered for less than 4,000 pounds gross vehicle weight, the CLF increases from \$30 to \$35 annually (a \$30 licensing fee plus a \$5 weight fee).
- For vehicles weighing less than 6,000 pounds or currently registered for less than 6,000 pounds gross vehicle weight, the CLF increases from \$30 to \$45 annually (a \$30 licensing fee plus a \$15 weight fee).
- For vehicles weighing less than 8,000 pounds or currently registered for less than 8,000 pounds gross vehicle weight, the CLF increases from \$30 to \$55 annually (a \$30 licensing fee plus a \$25 weight fee).
- On January 1, 2008, and on January 1, 2010, there is a increase of \$5 for vehicles under 10,000 pounds.

Each fiscal year on July 1, the State Treasurer will deposit \$7.5 million in the newly created Freight Mobility Investment Account (Account) (from the increased truck combined licensing fees). The Account will retain 100 percent of its interest earnings.

For private use trailers weighing less than 2,000 pounds scale weight, the registration fee is reduced from \$30 annually to \$15 annually.

Motor homes will have a \$75 annual vehicle weight fee in addition to any existing registration and licensing fees. The motor home weight fee is to be deposited into the Multimodal Transportation Account.

Part III - License Fees

Based on the 2003-2005 licensing fee study, the following DOL fees are raised:

- the reflectorized plate fee is raised from 50 cents to \$2;
- the reflectorized plate set fee is raised from \$2 to \$4;
- the fee for replacement plates is raised from \$3 to \$10;
- the fee for an original drivers license application is raised from \$10 to \$20;
- the fee for an identocard is raised from \$15 to \$20;
- the fee for an agricultural driver permit is raised from \$15 to \$20;
- the fee to get a driver's license reinstated after a non-alcohol related offense is raised from \$20 to \$75;
- the fee for a driving under the influence hearing is raised from \$100 to \$200; and,
- the fee for an original or renewal of a commercial driver's license is raised from \$20 to \$30.

Part IV - Miscellaneous Provisions

Technical correction were made on an existing statute that is no longer required.

Substitute Bill Compared to Original Bill:

No Changes.

Appropriation: None.

Fiscal Note: Requested on April 11, 2005.

Effective Date of Substitute Bill: Section 110 of this act takes effect on July 1, 2006. Sections 201 through 204 of this act take effect January 1, 2006. Section 205 of this act takes effect January 1, 2008. Section 206 of this act takes effect January 1, 2010. Sections 101 through 107, 109, 303 through 310, and 401 of this act takes effect July 1, 2005. Section 109 of this act expires July 1, 2006.

Testimony For: Those testifying liked the funding for local government in this proposed budget, but they recommended a local option for a vehicle fee that would go directly to the counties. They were also in support of the funding that will help in the seismic retrofitting of many of the state's bridges. Many of the old bridges have weight restrictions and this will help with congestion relief. The distribution to both the Transportation Improvement Board and the County Road Administration Board is important and a big step forward in helping fix Washington's transportation problem. There is also a proviso for the establishment of a Freight Mobility Investment Account, and they feel that it is important to have consistency and predictability in freight mobility funding to help move cargo and commerce throughout the state. The cargo in Washington will double in five years and this funding will help keep the state competitive in the international market.

Testimony Against: The 520 Floating Bridge is an important corridor and its funding is critical since there is no alternative routes. The Users Coalition's recommendation is that the 520 bridge receives additional funding.

Persons Testifying: (In support) Mark Brown, City of Vancouver, City of Ridgefield, Clark County Transportation Alliance; Rick Wickman, Identity Clark County; Duke Schaub, Association of General Contractors; Michael Shaw, Washington State Association of Counties; Greg Hanon, Western States Petroleum Association; Doug MacDonald, Washington State Department of Transportation; Tom Gaetz, Washington Asphalt and Pavement Association; and Jay Weber, County Road Administration Board.

(Opposed) Will Knedlik, 520 Users Coalition.

Persons Signed In To Testify But Not Testifying: None.