SENATE BILL REPORT
SSB 6247

As Passed Senate, February 11, 2006

Title: An act relating to uniform administration of locally imposed motor vehicle excise taxes.

Brief Description: Providing uniform administration of locally imposed motor vehicle excise taxes.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen and Benson).

Brief History:
Committee Activity: Transportation: 1/18/06 [DPS, w/oRec].
Passed Senate: 2/11/06, 44-0.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6247 be substituted therefor, and the substitute bill do pass.
Signed by Senators Haugen, Chair; Jacobsen, Vice Chair; Poulsen, Vice Chair; Berkey, Eide, Esser, Kastama, Mulliken, Sheldon, Spanel, Swecker and Weinstein.

Minority Report: That it be referred without recommendation.
Signed by Senators Benson, Ranking Minority Member and Benton.

Staff: David Ward (786-7341)

Background: Initiative 776 repealed state laws governing how vehicles are valued for purposes of excise taxation. Jurisdictions that currently impose an MVET are obligated through indebtedness to utilize the repealed valuation statutes. Other local jurisdictions with the authority to include the MVET in voter approved, local transportation plans do not have any guidance in state statute for establishing base vehicle valuations or rates of depreciation.

The 2005 transportation budget directed the Joint Transportation Committee (JTC) to study the feasibility of developing a uniform motor vehicle excise tax (MVET) depreciation schedule that more accurately reflects vehicle value yet does not hinder existing debt obligations. The study group considered eleven alternatives and was able to model results for seven of them. Modeling indicated that revenue neutrality and the realignment of values were mutually exclusive for the two jurisdictions that currently levy voter approved MVETs; Sound Transit and the Seattle Monorail. The study group therefore encouraged the JTC to consider foregoing the revenue neutrality requirement and instead consider creation of a prospective, uniform valuation and depreciation methodology that more accurately reflects vehicle value.

Summary of Bill: A standard administrative structure for the calculation and administration of any future, locally imposed MVET is established.

Base vehicle valuation is defined at 85 percent of Manufacturer's Suggested Retail Prices (MSRP) for all taxable vehicle use classes other than heavy and medium trucks. Discounting MSRP by 15 percent generally equates to the average differential between MSRP and actual purchase price paid on new vehicle sales. Base value for heavy and medium trucks is defined by latest purchase price.

Two new market based, vehicle depreciation schedules are created. One schedule is for use in valuing heavy and medium trucks and based on the average, annual national market depreciation for all vehicles in the class. The other schedule is to be used for all other vehicles and represents average, annual western-region market depreciation for passenger vehicles and light trucks.

Provisions governing the administrative role of county auditors and the department of licensing (DOL) are also codified including issuance of receipts, refunds, and distribution of revenue to the taxing authority. DOL charges for administration of the tax are capped at 1 percent of tax collections.

Lastly, redundant provisions and provisions rendered obsolete by Initiatives 695 and/or 776 are repealed.

Appropriation: None.

Fiscal Note: Requested on January 10, 2006.

Committee/Commission/Task Force Created: No.

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

Testimony For: None.

Testimony Against: None.

Who Testified: No one.