

HOUSE BILL REPORT

HJR 4228

As Reported by House Committee On:
Transportation

Brief Description: Amending the state Constitution to include fees collected on barrels of petroleum products to be used for transportation purposes.

Sponsors: Representatives Armstrong and Clibborn.

Brief History:

Committee Activity:

Transportation: 2/6/12, 2/7/12 [DPS].

Brief Summary of Substitute Bill

- Proposes a constitutional amendment to Article II, section 40 that would require that any fees designated for highway purposes may only have that designation modified on a two-thirds vote of each house of the Legislature.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Clibborn, Chair; Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Eddy, Hansen, Jinkins, Johnson, Klippert, Kristiansen, Ladenburg, McCune, Moeller, Moscoso, Overstreet, Rivers, Rodne, Shea, Takko and Zeiger.

Minority Report: Do not pass. Signed by 8 members: Representatives Billig, Vice Chair; Liias, Vice Chair; Finn, Fitzgibbon, Morris, Reykdal, Ryu and Upthegrove.

Staff: David Munnecke (786-7315).

Background:

Article II, section 40 of the Washington Constitution requires that the state's motor vehicle fuel taxes, which are currently 37.5 cents per gallon, vehicle licensing fees, and all other state revenue intended to be used for highway purposes, be deposited into the Motor Vehicle Fund. Monies in that fund may only be spent for highway purposes, which are defined to include

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expenditures on construction, preservation, maintenance, operation, and administration of highways and ferries.

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.

Summary of Substitute Bill:

An amendment is proposed to Article II, section 40 of the Washington Constitution that would require that any fees designated for highway purposes may only have that designation modified on a two-thirds vote of each house of the Legislature.

Substitute Bill Compared to Original Bill:

The requirement that any fees collected by the state on barrels of petroleum products to be used for transportation purposes be deposited into the Motor Vehicle Fund and only be spent for highway purposes is removed, and replaced with a requirement that any fees designated for highway purposes may only have that designation modified on a two-thirds vote of each house of the Legislature.

Appropriation: None.

Fiscal Note: Not requested.

Staff Summary of Public Testimony:

(In support) The intent of this constitutional amendment is to lock up the barrel fee in the 18th Amendment. We want to insure that if this fee is imposed it is used in the same way as the gas tax, and that this is done as simply as possible.

(Opposed) There are no other barrel fees like this in the nation. Oil refineries already pay more than \$300 million in taxes every year, mostly through the Model Toxics Control Act.

We are opposed to the idea that this is a fee and not a tax. This is a tax that is already subject to and protected by the 18th Amendment.

The Automotive United Trades Association has already challenged both the hazardous substance tax and the tribal compacts. Through these cases, we are going to get an answer shortly from the Washington Supreme Court on what the 18th Amendment means.

If we want to reserve fees and taxes on petroleum products for highway purposes, that can already be done easily.

Persons Testifying: (In support) Representative Armstrong, prime sponsor.

(Opposed) Greg Hanon, Western States Petroleum Association; and Tim Hamilton, Automotive United Trades Association.

Persons Signed In To Testify But Not Testifying: None.