

SENATE BILL REPORT

SB 5742

As of February 21, 2011

Title: An act relating to the administration and distribution of Washington state ferry system revenue.

Brief Description: Concerning the administration and distribution of Washington state ferry system revenue.

Sponsors: Senators Haugen, Ranker and Shin.

Brief History:

Committee Activity: Transportation: 2/17/11.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Janice Baumgardt (786-7319)

Background: The Transportation Commission (Commission) adopts Washington State Ferries' (WSF) fares and pricing policies by rule.

In general, fuel used for purposes other than for the propulsion of a motor vehicle on public highways is not subject to the state motor vehicle fuel tax or special fuel tax. However, such fuel is subject to the state retail sales and use tax. Fuel used for urban passenger transportation systems and fuel used for passenger-only-ferry services are exempt from the state retail and use tax as well.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The Capital Vessel Replacement Account (CVRA) is created. The Commission must impose a \$0.25 surcharge on every ferry fare sold; the proceeds of which are deposited into the CVRA. Expenditures from the CVRA must be by appropriation and may only be for the construction or purchase of ferry vessels.

Effective July 1, 2013, fuel purchased for WSF vessels are exempt from the state retail and use tax.

Appropriation: None.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This is one of the three pieces of legislation (funding, management, and labor reforms) needed to get WSF on the right track, and is a down payment on the capital needs. The tax exemption on WSF fuel is long time coming and will help reduce operating costs.

Persons Testifying: PRO: Dave Hoogerwerf, Walt Elliott, Executive Council, Ferry Advisory Committees; David Moseley, WSF.