

SENATE BILL REPORT

SB 6455

As of February 3, 2012

Title: An act relating to transportation revenue.

Brief Description: Addressing transportation revenue.

Sponsors: Senators Haugen and Shin; by request of Governor Gregoire.

Brief History:

Committee Activity: Transportation: 1/24/12.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Amanda Cecil (786-7429)

Background: Funding for statewide transportation comes from a variety of taxes and fees that are imposed on drivers, vehicles and fuels. The largest single source of transportation revenue comes from the state's motor vehicle fuel tax of \$0.375 per gallon of gasoline and diesel.

Additionally, local governments are authorized under certain conditions to impose a number of local option taxes and fees either through a majority vote of the governing board or in some cases with a majority vote of the people within the jurisdiction. This includes a \$20.00 vehicle fee that a transportation benefit district can impose on the vehicles within the jurisdiction by majority vote of the governing board for transportation improvements.

Article II, section 40 of the Washington State Constitution (commonly referred to as the 18th Amendment) directs license fees on motor vehicles, and excise taxes on motor vehicle fuel, to be deposited in the Motor Vehicle Fund (MVF) to be used exclusively for highway purposes.

Some transportation revenues that are not restricted by article II, section 40 of the Washington State Constitution are deposited in the Multimodal Transportation Account. Amounts in the multimodal transportation account are restricted by RCW 47.66.070 for transportation purposes. Transportation purposes is more broadly construed than highway purposes and can include functions related to public transportation, aviation, and bicycle and pedestrian facilities.

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.

Summary of Bill: The combined license fee that is imposed on most commercial motor vehicles is increased as follows:

- vehicles that weight up to 4000 pounds, the fee is increased from \$38.00 to \$53.00 (39.5 percent);
- vehicles that weight between 4001 and 6000 pounds, the fee is increased from \$48.00 to \$63.00 (31.3 percent); and
- for all weight classes above 6000 the fee is increases approximately 15 percent to the nearest whole dollar.

The distribution of the combined license fee, the fee on commercial trailers, and farm vehicle permits is reduced to the State Patrol Highway Account (SPHA) from 22.36 percent to 18.57 percent; the Puget Sound Ferry Operations Account from 1.375 percent to 1.143 percent; the Transportation 2003 Account from 5.237 percent to 4.352 percent; and the Transportation Partnership Account from 11.533 percent to 9.583 percent. The difference is directed to the MVF and a minimum of \$30 million annually is dedicated to pavement preservation.

The motor vehicle weight fee for all weight classes is increased by \$15.00 and the stated uses are expanded to include passenger rail service.

The distribution of the motor vehicle weight fee is expanded to include 16.09 percent to the SPHA; 12.07 percent to the new Transit Service Mitigation Account; 12.47 percent to the County Arterial Preservation Account; 9.98 percent to the Transportation Improvement Account; and 2.49 percent to the Small City Pavement and Sidewalk Account.

A fee of \$1.50 is added to each barrel of petroleum product handled in this state to mitigate the impact of the transportation of oil on the state's roads. Proceeds from the fee are deposited into the new State Transportation Operations and Maintenance Account and are restricted by article II, section 40 of the state Constitution. In addition to the constitutional restrictions, the barrel fee is further restricted to maintaining and operating the state transportation system and includes \$25 million annually for storm water retrofit projects. A credit or refund may be claimed if the petroleum product is not used for transportation purposes.

A fee of \$5.00 is added to the retail sale of each new studded tire and is deposited into the new State Transportation Operations and Maintenance Account.

A fee of \$100.00 is added to vehicles that are powered significantly by electricity that can travel at 35 miles per hour or more. Proceeds from the fee are to be deposited into the MVF until collections reach \$1 million. After collections reach \$1 million, revenues within the MVF must be distributed as follows: 70 percent to the motor vehicle account, 15 percent to the transportation improvement account, and 15 percent to the rural arterial preservation account. The Washington State Department of Transportation must use \$1.5 million of the proceeds from the fee to conduct a study on the feasibility of imposing a mileage-based user fee on electric vehicles, by July 1, 2015.

The following new accounts are created:

- the State Transportation Operations and Maintenance Account, within the MVF; and
- the Transit Service Mitigation Account within the State Treasury.

The Washington State Department of Transportation (WSDOT) must create a transit service mitigation grant program to provide grants to transit agencies to preserve transit service. The department must consider mobility and connectivity in the preparation of a prioritized list of projects, which must be submitted to the Legislature annually for funding.

Local Funding Options. A transportation benefit district may impose a vehicle fee of up to \$40.00 by a two-thirds majority vote of the governing board.

A county may impose a surcharge of up to 1 percent of the value on vehicles with in the county for transportation projects. A maximum of \$20.00 per vehicle that is in a city that is located in a county that is imposing the surcharge may be used on local road operations and maintenance.

Appropriation: None.

Fiscal Note: Available.

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

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on October 1, 2012.

Staff Summary of Public Testimony: PRO: This bill is a starting place because there are many more vital investments that need to be made. This provides needed funds for operating and maintenance of our transportation system and maintains five ferry routes. This proposal also allows the State Patrol to continue to meet their operating needs but would not allow them to grow.

This proposal includes the right proportionality of state and local investments as recommended by the Connecting Washington Task Force. There is still a need for transit funding, funding for the Freight Mobility Strategic Investment Board project, and Highways and Local Programs.

Local governments appreciate the inclusion of expanded or new local options but would like to see the two-thirds majority to impose a vehicle fee removed.

It is important that whatever package is adopted is enactable, and the barrel fee makes this questionable.

CON: The barrel fee is actually a tax and will require a two-thirds majority vote. Imposing a new tax on refineries is unfair. Refineries are the largest private employers in four counties and provide thousands of good paying jobs; a barrel tax would make it harder for them to compete in a national and international market. The system is broken, and by switching funding to biking and hiking you are punishing commercial traffic. The proposed funding sources are unreliable, because if these refineries close, you cut off your petroleum tax; it is unconstitutional because it goes into storm water projects and has discrimination in the tax base.

OTHER: There need to be more and expanded options for local governments.

Persons Testifying: PRO: Jennifer Ziegler, Governor's Office; Dave Dye, WSDOT; Alan Haight, Dept. of Licensing; Chief John Batiste, WA State Patrol; Walt Elliot, Ferry Advisory Committee (FAC) – Exec; Jim Corenman; FAC San Juan County; Ashley Probart, Assn. of WA Cities; Paul Roberts, City of Everett; Doug Levy, City of Renton; Ginger Metcalf, Columbia River Crossing Coalition; Paul Montague, Identity Clark County; Tim Schauer, Greater Vancouver Chamber; Eric Fuller, Columbia River Economic Development Council; Richard Ford, WA State Transportation Center; David Myers, WA State Building Trades Council; Scott Merriman; WA State Assn. of Counties; Sherry Barry, WA & N. Idaho District Council of Laborers; Jeff Johnson, WSCC, AFL-CIO; George Alle, Seattle Chamber of Commerce; Michael Groesch, Microsoft.

CON: Tim Hamilton, AUTO; Tim Eyman, Voters Want Choice; Megan Lawrence, Alaska Airlines; Greg Hanon, Western States Petroleum Assn.; Dave Ducharme, WOMA; Sara Round, Alicia Halberg, Associated Students of the University of WA.

OTHER: Mayor Patty Lent, City of Bremerton; John Worthington; Harold Taniguchi, King County DOT; John Adams; Amber Carter, Assn. of WA Business; Dave Overstreet, AAA WA; Duke Schaub, AGC; Carrie Dolwick, Transportation Choices Coalition; Mo McBroom, WA Environmental Council; Michael Shaw, WA Transit Assn.; Chuck Ayers, Cascade Bicycle Club; Bill Bryant, Port of Seattle.