

HOUSE BILL REPORT

HB 1129

As Reported by House Committee On:
Transportation

Title: An act relating to ferry vessel replacement.

Brief Description: Concerning ferry vessel replacement.

Sponsors: Representative Morris.

Brief History:

Committee Activity:

Transportation: 1/31/13, 4/22/13 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Licensing (DOL) and a county auditor or other agent appointed by the Director of the DOL to collect a \$5 service fee for each vehicle registration and a \$12 service fee for each title transaction.
- Deposits the service fees in the Capital Vessel Replacement Account.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist, Farrell, Fitzgibbon, Habib, Johnson, Moeller, Morris, Riccelli, Ryu, Sells, Takko, Tarleton and Upthegrove.

Minority Report: Do not pass. Signed by 13 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel, Hayes, Klippert, Kochmar, Kretz, Kristiansen, O'Ban, Rodne, Shea and Zeiger.

Staff: David Munnecke (786-7315).

Background:

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.

County auditors or other entities, acting as an agent and by appointment of the Director of the Department of Licensing (DOL), must provide various vehicle title and registration services to the public. This includes the processing of a report of sale, processing a transitional ownership, processing mail-in vehicle registration renewals, issuing registration and temporary off-road vehicle use permits, issuing registration for snowmobiles, and collecting taxes and fees.

The DOL may appoint privately owned businesses as licensing subagents (subagents) to process these transactions under contract with the county auditor. In addition to any other fees, registration and title transactions processed by a subagent are subject to a subagent service fee of \$5 for a registration and \$12 for a title.

The Washington State Department of Transportation Ferries Division (WSF) operates and maintains ferry vessels and terminals, constructs terminals, and acquires vessels. The system serves eight Washington counties and one Canadian province through 23 vessels and 20 terminals. The Washington State Transportation Commission (Transportation Commission) adopts the WSF fares and pricing policies by rule.

The Transportation Commission must impose a 25-cent surcharge on every ferry fare sold; the proceeds are deposited into the Capital Vessel Replacement Account (Account). The expenditures from the Account are by appropriation only and may be used only for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. Any expenditures from the Account must first be used to support the construction or purchase, including any financing costs, of a ferry vessel capable of carrying at least 144 vehicles.

Summary of Substitute Bill:

The DOL and a county auditor or other agent appointed by the Director of the DOL are required to collect a \$5 service fee for each initial and renewal vehicle registration and a \$12 service fee for each title transaction. These service fees must be deposited into the Account.

Substitute Bill Compared to Original Bill:

The DOL is added to the entities that must collect a \$5 service fee for each vehicle registration, to be deposited into the Account.

The DOL and a county auditor or other agent appointed by the Director of the DOL is also required to collect a \$12 service fee for each title transaction, which must also be deposited in the Account.

The effective date of the bill is changed from August 1, 2013, to January 1, 2014.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2014.

Staff Summary of Public Testimony:

(In support) The state needs to continue ferry vessel construction and equalize the fees that are charged by auditors and subagents. This bill does both.

This is a revenue generating bill which adds a processing fee for people who use the county auditors for certain vehicle transactions. This bill would insure that people are charged the same fee regardless of where the transaction occurs so that the subagents can be supported.

This bill helps support the state ferry system by providing sufficient funds for ferry procurement. Ferry construction costs do need to be addressed, perhaps through lean management techniques.

The ferries that are being built right now are safe and are built to last. It is better to continue building the boats in sequence, which could be done if this bill passes.

(In support with concerns) The expense of ferry construction should be addressed so that it does not undermine the larger revenue package.

(Opposed) Dealers are against fees that increase the cost at the time of sale. This fee should not be on initial registration.

The most recent transaction report shows that there are more transactions going to the subagents, rather than to the auditors. The subagents have been concerned about transactions moving to the auditors, but instead the business has been moving to the subagents.

Persons Testifying: (In support) Representative Morris, prime sponsor; Jan Novack and Charlene Winzler, Washington State Association of Vehicle Subagents; Walt Elliott, Ferry Advisors Committee Executive Council; and Fred Kiga, Vigor Industrial.

(In support with concerns) Mike Ennis, Association of Washington Business.

(Opposed) Scott Hazlegrove, Washington State Auto Dealers Association; Carolyn Weikel, Washington Association of County Auditors; and Thad Duvall, Douglas County Auditor.

Persons Signed In To Testify But Not Testifying: None.