

# SENATE BILL REPORT

## ESB 5430

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As Passed Senate, March 4, 2014

**Title:** An act relating to the distribution and use of aircraft excise taxes.

**Brief Description:** Modifying the distribution and use of aircraft excise taxes.

**Sponsors:** Senators Hobbs, King, Eide, Honeyford, Schlicher and Cleveland.

**Brief History:**

**Committee Activity:** Transportation: 2/13/13, 2/14/13 [DP-WM, w/oRec].

Ways & Means: 2/04/14, 2/05/14 [DP, DNP].

Passed Senate: 3/04/14, 43-5.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Eide, Co-Chair; King, Co-Chair; Hobbs, Vice Co-Chair; Fain, Budget Leadership Cabinet; Brown, Ericksen, Mullet, Rolfes, Sheldon, Harper, Schlicher and Smith.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Benton, Vice Co-Chair.

**Staff:** Hayley Gamble (786-7452)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Billig, Braun, Conway, Dammeier, Frockt, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senator Hasegawa.

**Staff:** Dean Carlson (786-7305)

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*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.*

**Background:** Current law requires the collection of an annual aircraft excise tax. The amount of the tax varies by the type of aircraft and ranges from \$20 for a home-built aircraft up to \$125 for a turbojet multi-engine fixed wing plane. Of the taxes collected, 90 percent is deposited into the general fund and 10 percent is retained in the aeronautics account to cover administrative expenses. The current tax rates have been in place since 1983 and the current distribution since 1987.

The Aviation Division of the Washington State Department of Transportation (WSDOT) annually awards grants to public use airports in the state for pavement, safety, planning, and security. Awards are funded from the aeronautics account. Aeronautics account state funds are typically used to leverage additional federal funds beyond those already received by WSDOT. In fiscal year 2014, WSDOT expects to use \$887,537 in state funds to leverage \$21.3 million in federal grants for Washington airports.

SHB 1883, passed in the 2013 legislative session and which becomes effective July 1, 2015, erroneously eliminated the aeronautics account.

**Summary of Engrossed Bill:** All of the annual aircraft excise tax is deposited into the aeronautics account to be used for state grants to airports and to cover administrative expenses associated with grant execution and collection of the aircraft excise tax.

The aeronautics account is restored.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony (Transportation):** PRO: This bill will help airport infrastructure. Airport infrastructure is in need of repair, if this revenue stream is not used for needed repairs, what revenue will? Investments were made by past generations and need to be kept up. Small airports are important to rural communities and they need to be maintained. WSDOT grants are the sole source of revenue for some airports. State and federal agencies need access to these airports.

OTHER: WSDOT is neutral on this bill. There are shortfalls in airport funding that need to be addressed, with \$163 million identified in backlog work. Pavement conditions have declined statewide. Washington airports support many jobs and a lot of economic activity in the state.

**Persons Testifying (Transportation):** PRO: Senator Hobbs, prime sponsor; David Ketchum, WA State Community Airport Assn.; Jamelle Garcia, WA Aviation Assn.; Ryan Zulauf, WA Airport Management Assn.; Stephen Ratzlaff, WA Seaplane Pilots Assn.; Les Smith, WA Pilots Assn.

OTHER: Tristan Atkins, WSDOT Aviation Division.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This is part of the effort to increase the aerospace economy in the state. This will help leverage federal dollars for maintenance of small airports. WSDOT supports the bill. We have 134 airports of which 64 will be eligible for federal grants. Our public airports support 248,000 jobs. This bill will help improve our pavement needs. Most of our community airports are reliant on volunteers and state and local funds. Tax dollars derived from aircraft owners should pay for the system of airports. Federal funding is getting smaller.

**Persons Testifying (Ways & Means):** PRO: Senator Hobbs, prime sponsor; Tristan Atkins, WSDOT, Director of Aviation; David Ketchum, WA State Community Airports Assn. Chairman; Ryan Zulauf, WA Airport Management Assn. Past President; Les Smith, WA Pilots Assn. President; David Ulane, Aircraft Owners and Pilots Assn., NW Mountain Region Representative.