

# HOUSE BILL REPORT

## SB 5297

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### As Passed House - Amended:

April 8, 2015

**Title:** An act relating to updating and clarifying statutory provisions within the commercial vehicle registration and fuel tax administrative systems.

**Brief Description:** Updating and clarifying statutory provisions within the commercial vehicle registration and fuel tax administrative systems.

**Sponsors:** Senators Liias, Fain, King and Hobbs; by request of Department of Licensing.

### Brief History:

#### Committee Activity:

Transportation: 3/12/15, 3/19/15 [DPA].

#### Floor Activity:

Passed House - Amended: 4/8/15, 83-14.

### Brief Summary of Bill (As Amended by House)

- Makes changes to update terms and definitions and remove obsolete or outdated language to conform to the current International Registration Plan (IRP).
- Changes the record retention for an IRP from four years to three years and specifies assessments to be charged by the Department of Licensing (DOL) if the owner fails to comply or produce documents that are requested by the DOL.
- Reinstates the Aeronautics Account.
- Changes the effective date from July 1, 2015, to July 1, 2016, for some sections in Substitute House Bill 1883, enacted in 2013, which consolidated existing fuel tax statutes.
- Changes the effective date from July 1, 2015, to July 1, 2016, for Engrossed Substitute Senate Bill 6440, enacted in 2014, concerning compressed and liquefied natural gas used for transportation purposes.

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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.*

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## HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended. Signed by 21 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Bergquist, Gregerson, Hayes, Kochmar, McBride, Moeller, Morris, Ortiz-Self, Pike, Riccelli, Rodne, Sells, Takko, Wilson and Zeiger.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Shea and Young.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Harmsworth.

**Staff:** Jerry Long (786-7306).

### **Background:**

#### International Registration Plan.

An International Registration Plan (IRP) is a cooperative agreement between the United States and Canadian provinces for registering commercial vehicles that travel into two or more jurisdictions. Through an IRP, one registration fee is paid to a home or base jurisdiction and is distributed proportionally to the other jurisdictions in which fleet vehicles are operated, based on the percentage of miles traveled. Vehicles registered under an IRP agreement are referred to as "apportioned vehicles," and are issued one set of license plates and one cab card from the base jurisdiction that lists the jurisdictions the vehicle is registered to operate in. Effective January 1, 2015, changes were made to the IRP. The change is called the Full Reciprocity Plan.

The Department of Licensing (DOL) administers the IRP. Apportioned vehicles must be registered under the IRP. An "apportioned vehicle" is any vehicle that is used or intended for use in two or more member jurisdictions and that is used for the transportation of persons for hire or used primarily for the transportation of property. The vehicle must have two axles and a gross vehicle weight or registered gross vehicle weight in excess of 26,000 pounds, or have three or more axles, regardless of weight or is used in combination, when the gross vehicle weight of the combination exceeds 26,000 pounds.

Trucks or truck tractors, or combinations of a vehicle having a gross weight of 26,000 pounds or less, and charter buses used in the transportation of chartered parties may be registered under the IRP at the option of the registrant.

Motor carriers applying for an IRP must register their vehicles in their home or base jurisdiction as part of a fleet. A fleet, for the IRP purposes, is comprised of one or more vehicles that pay registration fees in multiple states. The base jurisdiction collects the appropriate registration fees and distributes them to the other jurisdictions in which the carrier has requested an IRP registration. The IRP registration fees are determined by the type of operation requested (private, for-hire, or rental) and by the:

- percentage of miles traveled in each member jurisdiction;
- registered gross weight of each vehicle; and

- number of vehicles in the carrier's fleet.

Other exempt vehicles are government-owned vehicles, buses used in transportation of chartered parties, vehicles displaying restricted plates or using trip permits, and recreational vehicles. Trailers under an IRP registered in any jurisdiction will be granted full reciprocity.

The IRP does not require any vehicle to be proportionally registered if it is otherwise properly registered for operation within Washington.

An owner, under current state statute, must retain records for apportioned registration for a period of four years.

#### Aeronautics Account.

The primary source of funds deposited into the Aeronautics Account (Account) is aircraft fuel tax, 10 percent of the aircraft excise tax, aircraft registration fees, federal aviation funding, and aircraft dealer license fees. The funds are used for planning and technical assistance to local airports, grants to local airports, and maintenance of state-owned airports. In 2013 Substitute House Bill 1883 (SHB 1883) was enacted, which was requested by the DOL to consolidate and streamline the statutes related to fuel tax administration and collection with an effective date of July 1, 2015. Among the various changes made, the Account within the Multimodal Fund was inadvertently repealed.

#### Enacted Fuel-Related Bills with Effective Dates During Fiscal Year 2016.

Substitute House Bill 1883 was passed during the 2013 legislative session to consolidate the motor vehicle and special fuel tax statutes from two separate statutes into one fuel statute. The effective date of SHB 1883 is July 1, 2015. Engrossed Substitute Senate Bill 6440 (ESSB 6440), concerning compressed and liquefied natural gas used for transportation purposes, was passed during the 2014 legislative session. The effective date of ESSB 6440 is July 1, 2015.

#### **Summary of Amended Bill:**

The bill updates terms and definitions and removes obsolete or outdated language to conform to the current IRP.

Record retention for the IRP is changed from four years to three years. The failure to comply or produce documents that are requested by the DOL will result in an assessment in the following amounts: for a first offense—20 percent of the total apportionable fees paid or found due; for the second offense—50 percent; and for a third and any subsequent offense—100 percent. The DOL must distribute the amount of assessments it collects on a pro rata basis to the other jurisdictions in which the fleet was registered or required to be registered.

The Aeronautics Account is reinstated.

Due to the new DOL Prorate and Fuel Tax System being implemented during fiscal year 2016, the bill:

- changes the effective date from July 1, 2015, to July 1, 2016, for some sections in SHB 1883, which was enacted in 2013, which consolidated the existing fuel tax statutes; and
- changes the effective date from July 1, 2015, to July 1, 2016, for ESSB 6440, which was enacted in 2014, concerning compressed and liquefied natural gas used for transportation purposes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect on July 1, 2016, except for sections 28 and 39 through 41, which contain an emergency clause and take effect on July 1, 2015.

**Staff Summary of Public Testimony:**

(In support) This bill brings the state's IRP statutes in line with changes that were effected on January 1, 2015, at the federal level. The bill also supports the one-year delay in implementing the new fuel tax system at the DOL. It fixes the Aeronautics Account that would have been accidentally repealed on June 30, 2015. The Washington State Trucking Association supports the legislation and the new IRP will make it easier for the truckers that use the plan. There is a technical fix that the DOL will be requesting to avoid statutory cross-reference conflicts.

(Opposed) None.

**Persons Testifying:** Senator Liias, prime sponsor; and Tony Sermonti, Department of Licensing.

**Persons Signed In To Testify But Not Testifying:** None.