

# SENATE BILL REPORT

## SSB 5324

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As Passed Senate, March 4, 2015

**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:** Senate Committee on Transportation (originally sponsored by Senators Hobbs, Fain, King, Lias, Angel and Honeyford).

**Brief History:**

**Committee Activity:** Transportation: 1/28/15, 2/02/15 [DPS-WM].

Ways & Means: 2/16/15, 2/23/15 [DPS(TRAN), DNP].

Passed Senate: 3/04/15, 48-1.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5324 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators King, Chair; Benton, Vice Chair; Hobbs, Ranking Minority Member; Ericksen, Habib, Litzow, Miloscia, Pedersen, Rivers and Sheldon.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5324 as recommended by Committee on Transportation be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hatfield, Hewitt, Kohl-Welles, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

**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 generally 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. This distribution has been the same since 1987, prior to that 100 percent of the aircraft excise tax was deposited into the general fund.

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.

A fuel tax administration bill (SHB 1883) passed in the 2013 legislative session, and which becomes effective July 1, 2015, erroneously eliminated the aeronautics account.

**Summary of Substitute 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:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony (Transportation):** PRO: There is a great deal of need for investments in the aviation system and this bill will help fund those needs. DOT awards \$1–\$2 million annually and uses these funds to leverage more federal funds. Annually \$12 million is needed to meet state aviation needs. Sales and B&O taxes collected on new aviation grants would net more overall to the general fund. The state's aviation grant program is underfunded.

**Persons Testifying (Transportation):** PRO: Senator Hobbs, prime sponsor; Michael Ennis, Assn. of WA Business; Tristan Atkins, WSDOT; Warren Hendrickson, WA Airport Management Assn.; Janelle Garcia, WA Aviation Assn.; David Ketchum, WA State Community Airport Assn.; Les Smith, WA Pilots Assn.; Dave Ulane, Aircraft Owners and Pilots Assn.; Al Aldrich, city of Arlington.

**Staff Summary of Public Testimony (Ways & Means):** PRO: WSDOT supports this bill. This will help the airport funding gap for preservation and safety. The sales tax and B&O tax on the new spending will have a net positive impact to the general fund. These dollars will help to leverage an additional \$9.3 million in federal funding. If we don't use it, those funds will be directed elsewhere.

**Persons Testifying (Ways & Means):** PRO: Tristan Atkins, WSDOT Aviation Division; Ryan Sheehan, WA Airport Management Assn.; David Ketchum, WA State Community Airport Assn.; Les Smith, WA Pilots Assn.; Dave Ulane, Aircraft Owners and Pilots Assn.