

SENATE BILL REPORT

SB 5564

As of February 2, 2018

Title: An act relating to vehicle taxation.

Brief Description: Concerning vehicle taxation.

Sponsors: Senators Fortunato, King, O'Ban and Hawkins.

Brief History:

Committee Activity: Transportation: 2/06/17, 2/05/18.

Brief Summary of Bill

- Directs the sales tax on vehicles to be deposited into the Motor Vehicle fund over a period of ten years.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Bryon Moore (786-7726)

Background: Since 1921, the state of Washington has levied a motor vehicle fuel tax (MVFT). The current state MVFT is \$0.494 per gallon and is distributed amongst state highway programs, the state ferry system, and local governments. The state highway programs include revenue packages, such as the 2003 Transportation Nickel package, the 2005 Transportation Partnership, and the Connecting Washington package that the Legislature passed in 2015.

Revenues from the MVFT are bonded through the Office of the State Treasurer. The bonded MVFT and licensing fees are provided an exemption from the state debt limit in the state constitution. The federal government levies an \$0.184 gas tax.

The state of Washington also imposes a sales tax. The current sales tax rate for the state of Washington is 6.5 percent. Sales tax revenues are deposited into the state General Fund.

An additional sales tax on vehicle purchases passed the Legislature in 2003 at a rate of 0.3 percent. Revenue generated from the 0.3 percent sales tax on vehicles is deposited into the Multimodal Transportation account for transportation purposes.

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 bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The revenue from the retail vehicle sales tax imposed on vehicle purchases is directed to be deposited into the Motor Vehicle fund, beginning August 1, 2018. Every two years, for a period of ten years, 20 percent of the total state sales tax on vehicles will be deposited into the Motor Vehicle fund until 100 percent of the total sales tax on vehicles is deposited in 2028.

All the state sales tax revenues on vehicles deposited into the Motor Vehicle fund must be used for highway purposes, which may include preservation.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on August 1, 2018.