

HOUSE BILL REPORT

HB 1657

As Reported by House Committee On:

Finance

Title: An act relating to reducing the emissions and safety risks of inadequate commercial truck parking supply through tax incentives.

Brief Description: Reducing the emissions and safety risks of inadequate commercial truck parking supply through tax incentives.

Sponsors: Representatives Griffey, Barkis, Graham, Dent, Rule and Young.

Brief History:

Committee Activity:

Finance: 1/25/22, 2/4/22 [DPS].

Brief Summary of Substitute Bill

- Provides tax incentives for the construction of new commercial truck parking spaces accessible to the public and suitable for overnight use.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Chase, Chopp, Harris-Talley, Morgan, Orwall, Ramel, Springer, Stokesbary, Thai, Vick, Wylie and Young.

Minority Report: Without recommendation. Signed by 1 member: Representative Dufault, Assistant Ranking Minority Member.

Staff: Tracey Taylor (786-7152).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 4.0 percent, depending on the location.

Property Tax - Regular Levies.

All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

The state collects two regular property tax levies for common schools. The revenue growth limit applies to both levies. Participants in the senior citizens, individuals with disabilities, and qualifying veterans property tax exemption program receive a partial exemption from the original state levy and a full exemption from the additional state levy.

The Washington Constitution also limits regular levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). There are individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example:

- The state levy rate is limited to \$3.60 per \$1,000 of assessed value.
- County general levies are limited to \$1.80 per \$1,000 of assessed value.
- County road levies are limited to \$2.25 per \$1,000 of assessed value.
- City levies are limited to \$3.375 per \$1,000 of assessed value.

For property tax purposes, the state, counties, and cities are collectively referred to as senior taxing districts. Junior taxing districts—a term that includes fire, hospital, flood control zone, and most other special purpose districts—each have specific rate limits as well.

Leasehold Excise Tax.

State leasehold excise taxes are levied and collected on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest. A leasehold interest is an interest in publicly owned real or personal property that exists by virtue of any lease, permit, license, or other written or verbal agreement between a public owner and a person who would not be exempt from property taxes if that person owned the property. The leasehold excise tax is levied at a rate of 12.84 percent of taxable rent.

Tax Preferences.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Currently, Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a Tax Preference Performance Statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary of Substitute Bill:

Beginning with taxes levied for collection in calendar year 2023, all real and personal property may be exempt from property taxes if there are at least 10 safe, overnight commercial truck parking spaces. The parcel is exempt from the date upon which substantial construction work begins until one year after the secretary of the Department of Transportation certifies that the state has sufficient safe, overnight commercial truck parking or January 1, 2033, whichever is sooner. "Commercial truck parking spaces" must meet minimum dimensions of 12 feet wide by 70 feet long.

Sales and use taxes do not apply to the sales of materials and labor used to construct a parking lot with at least 10 qualified commercial truck parking spaces or 10 qualified port district truck parking spaces. Construction of the parking lot must commence after the effective date of this act. A "qualified commercial truck parking space" means a space that has minimum dimensions of 12 feet wide by 70 feet long, is accessible and suitable for overnight use, and allows for the fueling of electric batteries or hydrogen fuel cells.

A "qualified port district truck parking space" must have a minimum dimension of 12 feet wide by 70 feet long, be accessible and suitable for overnight use, and be accessible and available to any commercial truck authorized to be on the port property. The exemption is available until one year after the Secretary of Transportation certifies that the state has sufficient safe, overnight commercial truck parking or January 1, 2033, whichever is sooner.

In addition, a leasehold tax exemption is available to port tenants who provide qualified port district truck parking spaces.

A tax preference performance statement provides that the tax preference is intended to increase safe overnight truck parking capacity. It is the Legislature's specific public policy objective to increase public safety, reduce greenhouse gas emissions, and foster economic development by increasing the state's capacity to move freight efficiently.

The Legislature intends to extend the tax preferences if a JLARC review finds that both the number of overnight truck parking spaces has increased by at least 1,000 spaces since the effective date of this act, and half of the new overnight truck parking spaces have either hydrogen fueling access or electric charging access.

Substitute Bill Compared to Original Bill:

The substitute bill increases the minimum dimensions of qualified commercial truck parking spaces and qualified port district commercial parking spaces to 12 feet wide by 70 feet long.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is a national crisis for commercial truck drivers. Federal law mandates that commercial truck drivers take rest breaks. They are required to keep logbooks and are subject to random inspections to ensure their health and safety. There is a shortage of overnight, safe parking for commercial truckers and many local zoning laws prohibit commercial truck parking. One can see the commercial trucks parked on the shoulder of many exit ramps on our freeways as the commercial truck drivers try and find a place to rest. This pandemic has shown us that Washington relies on its commercial truck drivers to deliver the goods Washington needs in a timely and safe manner. Indeed, they are an important component of the global supply chain and we are treating them poorly. No single policy will address the shortage of parking spaces, but a multi-pronged approach, including this bill, is what is needed. This legislation provides incentives for the public and private sector to address the problem to create safe, overnight, appropriate places for commercial truck drivers to get the rest they need. Moreover, it anticipates the next generation of alternative fuel commercial trucks by requiring the qualified commercial truck parking spaces on private property to allow for the fueling of electric vehicles or hydrogen fuel cells. The only suggestion that would improve this legislation is to increase the dimensions of the parking spaces to 12 feet wide by 70 feet long to accommodate the majority of tractor trailers in use. This legislation will increase the efficiency of our commercial trucking and decrease pollution and congestion.

(Opposed) None.

Persons Testifying: Representative Dan Griffey, prime sponsor; Sheri Call, Washington

Trucking Associations; Lewie Pugh, Owner-Operator Independent Drivers Association; and Chris Herman, Washington Public Ports Association.

Persons Signed In To Testify But Not Testifying: None.