

SENATE BILL REPORT

SB 5448

As of February 18, 2021

Title: An act relating to payment plans for certain vehicle fees and taxes.

Brief Description: Concerning payment plans for certain vehicle fees and taxes.

Sponsors: Senators Nobles, Das, Hobbs, Kuderer, Liias, Lovelett, Robinson, Saldaña and Wilson, C..

Brief History:

Committee Activity: Transportation: 2/18/21.

Brief Summary of Bill

- Allows vehicle owners with renewal vehicle registration taxes and fees that exceed \$150 to enter into a voluntary quarterly payment plan with the Department of Licensing.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Daniel Masterson (786-7454)

Background: Renewal Vehicle Registration. Motor vehicles used on public highways must generally be registered annually with the Department of Licensing (DOL). Payment for all fees and taxes required by law for the renewal vehicle registration is due at the time of application for renewal.

Motor Vehicle Taxes and Fees. Most vehicles, such as passenger cars, motorcycles, sports utility vehicles, tow trucks, and cabs, are subject to a \$30 annual registration fee; an annual weight fee of \$25 to \$72 based on the scale weight of the vehicle; and other fees totaling \$13.25. In lieu of the vehicle annual registration fee and weight fees, trucks, including light duty trucks, are subject to a license fee based on gross vehicle weight. For light duty trucks, which are those trucks under 10,000 pounds, the current annual license fees by weight range

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from \$53 to \$93. There are also fees and charges based on where the vehicle is registered geographically and whether the vehicle qualifies for a fee based on vehicle type, such as electric vehicles and motor homes.

Electric and Hybrid Vehicle Fees. In addition to any other fees due at annual vehicle registration renewal, an electric or hybrid vehicle using at least one method of propulsion capable of being reenergized by an external source of electricity and capable of traveling at least 30 miles using only battery power, powered by electricity, are subject to two electric vehicle fees that total \$150. These same vehicles are also subject to an annual \$75 transportation electrification fee. An annual \$75 hybrid vehicle transportation electrification fee is imposed on hybrid and alternative fuel vehicles that do not pay the electric vehicle fees or the transportation electrification fee. These fee are collected at the time of vehicle registration renewal.

Transportation Benefit District Vehicle Fees. A Transportation Benefit District (TBD) is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the TBD. A TBD may impose a vehicle fee up to \$20 annually with a majority vote of the governing body; up to \$40 upon a majority vote of the governing body if a \$20 fee has been in effect for at least 24 months; or up to \$50 upon a majority vote of the governing body if a \$40 fee has been in effect for at least 24 months. Any license fees over these amounts, up to \$100, must be approved by a simple majority of voters.

Regional Transit Authority Motor Vehicle Excise Tax. A regional transit authority (RTA) is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus service and light rail. There is currently one RTA—Sound Transit—which operates light rail, commuter rail, and express bus service in Puget Sound. A motor vehicle excise tax (MVET) is a tax paid on the value of a motor vehicle. Sound Transit currently imposes a 1.1 percent MVET at the time of vehicle registration. Sound Transit is the only local agency currently imposing an MVET to develop and operate a high capacity transit system.

Summary of Bill: Vehicle owners with renewal vehicle registration taxes and fees that exceed \$150 may enter into a quarterly payment plan with DOL. The first quarterly payment must be made with the application for a renewal vehicle registration and the payments must be of equal amounts unless the entire remaining amount due is being paid.

Renewal registrations paid with a quarterly payment plan will be subject to a one-time 4 percent fee. Other service and filing fees are collected only once. The 4 percent payment plan fee may be divided between the quarterly payments. Revenue from this new fee may only be used for additional direct costs to allow quarterly payment plans and must be allocated between DOL, counties, and subagents based on the proportional additional costs borne by each entity in allowing quarterly payment plans. DOL, in collaboration with

counties and subagents, shall develop and periodically update a cost allocation method to share the fee revenue based on the proportional additional costs borne by each entity in allowing quarterly payment plans. The cost allocation method must be included in the agency biennial budget submittal.

A vehicle registration shall not be renewed if any motor vehicle excise tax previously due has not been paid in full prior to the current vehicle registration expiration.

Appropriation: None.

Fiscal Note: Requested on February 11, 2021.

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

Effective Date: The bill takes effect on October 1, 2022.

Staff Summary of Public Testimony: PRO: Many community members are finding themselves choosing between their annual vehicle registration and other essential bills. Some are not renewing their registration at all. With this bill we can provide relief for community members and also maintain currently planned investments in preservation, transit, and transportation improvements. It is past time the state provided an option for quarterly payments of renewal vehicle registration taxes and fees. We are used to doing this with other taxes and bills. This will provide relief for vehicle owners who cannot afford to pay a lump sum.

OTHER: We are concerned there could be unintended consequences from details in the bill. We are concerned about potential budget impacts on the Department of Licensing's ability to support subagents. While we support the idea of providing quarterly payment plans for the convenience of the consumer, there are some issues we think should be addressed. We are concerned the requirement that all past taxes and fees be paid in full before a vehicle registration can be renewed would turn subagents into bill collectors for the state. We would also like to see a set flat fee instead of a 4 percent fee. Charging a 4 percent fee without understanding where that fee would be allocated is very concerning. Gross weight and fleet should be exempt from this payment plan option.

Persons Testifying: PRO: Senator T'wina Nobles, Prime Sponsor; Bryce Yadon, Transportation Choices Coalition.

OTHER: Joe DePinto, Washington Association of Vehicle Subagents; Anita Marcelo, Washington Association of Vehicle Subagents; Marci Straub, Washington Association of Vehicle Subagents.

Persons Signed In To Testify But Not Testifying: No one.