

HOUSE BILL REPORT

ESSB 6455

As Reported by House Committee On:
Transportation

Title: An act relating to transportation revenue.

Brief Description: Concerning transportation revenue.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen and Shin; by request of Governor Gregoire).

Brief History:

Committee Activity:

Transportation: 2/20/12, 2/21/12 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)**

- Increases the fee for an abstract of driving record, vehicle certificate of ownership, certain vehicle license plates, title transfer late penalties, and vehicle dealer licenses.
- Removes the current expiration date of June 30, 2014, for the vehicle allowable documentary service charge of up to \$150 and makes the fee permanent at \$150.
- Establishes a \$100 annual renewal fee for electric vehicles.
- Establishes the Public Transportation Grant Program to provide funding to transit authorities in the state.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 15 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Eddy, Finn, Fitzgibbon, Hansen, Jinkins, Ladenburg, Moeller, Morris, Moscoso, Reykdal, Takko and Upthegrove.

Minority Report: Do not pass. Signed by 12 members: Representatives Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Johnson, Klippert, McCune, Overstreet, Rivers, Rodne, Shea and Zeiger.

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.

Staff: Jerry Long (786-7306).

Background:

Eighty-five percent of the funding for statewide transportation comes from a variety of taxes, licenses, permits, and fees that are imposed on fuels, vehicles, and drivers. Fifty-nine percent is derived from fuels tax, 21 percent from the license, permits and fees, and 5 percent from driver-related fees.

Upon a proper request, the Department of Licensing (DOL) may furnish an abstract of a person's driving record (ADR) as permitted under state law. The current fee is \$10 per ADR.

The Director of the DOL shall furnish to all persons making satisfactory application for a vehicle registration: (1) two identical license plates each containing the license plate number; or (2) one license plate, if the vehicle is a trailer, semitrailer, camper, moped, collector vehicle, horseless carriage, or motorcycle. On an original plate issuance, the registered owner pays a reflectorized fee, but does not pay for the original license plates. A person may apply for a replacement license plate or plates if the current license plate or plates assigned to the vehicle have been lost, defaced, or destroyed, or if one or both plates have become so illegible or are in such a condition as to be difficult to distinguish. Washington also has periodic license plate replacement every seven years. When a person replaces a license plate, the fee is \$10 per plate, except for motorcycles which is \$2 for the license plate.

It is unlawful for any person, firm, or association to act as a vehicle dealer or vehicle manufacturer, to engage in business as such, serve in the capacity of such, advertise themselves as such, solicit sales as such, or distribute or transfer vehicles for resale in this state, without first obtaining and holding a current vehicle dealer's license. The DOL administers, licenses, audits, investigates, and regulates the vehicle dealer industry.

Vehicle dealers may charge a documentary service fee to recover administrative costs. Administrative costs include collecting taxes and fees; verifying and clearing titles; transferring titles; and perfecting, satisfying, or releasing liens. A dealer can charge the documentary service fee under the following conditions: the dealer must disclose the fee in writing; the dealer must disclose in writing that the fee is negotiable; the dealer cannot represent that the fee is required by the state; the dealer must separately designate the fee from the selling price and other charges; and the dealer must disclose the fee in advertisements as an addition to the selling price. The current maximum document fee is up to \$150 per vehicle sale or lease until June 30, 2014. On July 1, 2014, the fee reverts to a maximum of \$50.

Summary of Amended Bill:

The following fee increases are made:

| | Proposed Fee |
|--|---------------------|
|--|---------------------|

| Category | Current Fee | (effective October 2012) |
|--|-------------|--------------------------|
| Abstract of Driver's Record (ADR) | \$ 10 | \$ 13 |
| Certificate of Ownership (Title) – Application | \$ 5 | \$ 15 |
| Original Issue License Plate (Per Plate) | \$ 0 | \$ 10 |
| Original Issue Motorcycle Plates | \$ 0 | \$ 4 |
| Motorcycle Replacement Plates | \$ 2 | \$ 4 |
| Vehicle Dealer Original License | \$750 | \$975 |
| Vehicle Dealer License Renewal | \$250 | \$325 |

The amended bill increases the penalty for a late transfer of vehicle ownership from \$25 to \$50 to be assessed on the sixteenth day after the date of delivery. Two dollars for each additional day thereafter begins as currently in statute, but the maximum total penalty is increased after the \$2 per day is added from \$100 to \$125.

The vehicle dealer documentary service fee is permanently established at up to \$150.

The amended bill implements a \$100 annual renewal fee for electric vehicles that use propulsion units powered solely by electricity. The vehicle must be designed to have the capability to drive at a speed of more than 35 miles per hour. The fee applies to vehicle registration renewals that are due on or after February 1, 2013. This fee would expire on the effective date of legislation enacted by the Legislature that imposes a vehicle-miles-traveled fee or tax. The Department of Licensing (DOL) must provide written notice of the expiration date of the fee to the Chief Clerk of the House of Representatives, the Secretary of the Senate, the Office of the Code Reviser, and others as deemed appropriate by the DOL.

The amended bill creates the Public Transportation Grant Program Account (Account) in the State Treasury and requires that \$2.5 million be transferred into the Account every quarter for the remainder of the biennium and \$3.75 million in every quarter thereafter from the Multimodal Transportation Account. The amended bill establishes the Public Transportation Grant Program (grant program) to provide funding to all transit authorities in the state for operations. It requires that all the money appropriated for the grant program be distributed to transit authorities, with one-third distributed based on vehicle miles of service provided, one-third distributed based on vehicle hours of service provided, and one-third distributed based on the number of passenger trips provided.

The amended bill makes technical corrections to RCW 46.10.420, 46.12.675, 46.16A.320 and 88.02.640. These changes are technical changes to the 2010 and 2011 vehicle registration statutes recodification.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill changes the fee for a Certificate of Title from \$12.50 to \$15. It increases the penalty for a late transfer of vehicle ownership from \$25 to \$50 to be assessed on the sixteenth day after the date of delivery and \$2 for each additional day thereafter, but the maximum total penalty is increased from \$100 to \$125.

The amended bill changes the abstract of records fee to \$13 instead of \$15.

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Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for sections 1 through 10, relating to fees and the establishment of the Public Transportation Grant Program, which take effect October 1, 2012.

Staff Summary of Public Testimony:

(In support) It is important to have some form of new revenue for transportation. Several of the fees have not been increased for many years. This is a good start and helps to fill in some of the funding gaps in some of the transportation funds along with providing funding for transportation needs. The vehicle document fee is important to the auto dealers to make sure they are competitive and financially capable of making it through the downturn in the economy.

Transportation is in desperate need for funding especially since the fuel tax is in a decline due to the economy and more fuel efficient vehicles. This will help in financing the new

144-car ferry and keep replacing ferries that are in the 60-year-old range. The ferries carry thousands of passengers every year along with transits and high occupancy vehicles.

Transits need funding especially with the downturn of the economy where sales tax receipts have declined. Transits have the need for a stable and reliable revenue source so they can hire and re-establish routes that have been eliminated due to funding.

(In support with concerns) Transportation Choices Coalition supports the additional transportation revenue. Transportation presently has a real need for additional funds to take care of the growing transportation needs. Transportation Choices Coalition is concerned about transits having the funding ensured into the future so the transits can implement hiring and establish or reinstate routes that have been eliminated due to funding. It is important to transits to have future certainty as to funding being available to them for the long term.

(With concerns) This is a good start, but the Sierra Club is concerned that all of the fees in House Bill 2053 from last year would have been a better approach. The funds should be protected by the 18th Amendment. The weight-based fees are a great approach, which are not included in Engrossed Substitute Senate Bill 6455.

(Opposed) Insurance companies are opposed to the increase in the abstract of records (ADRs) fees. The increase would be a cost of \$16 million to insurance companies. Only three other states would have higher rates than the State of Washington on this fee. This fee was just increased five years ago and it went from \$5 to \$10. Now it is being raised to \$15. The insurance companies need the ADRs for risk analysis and the insured person will eventually end up paying this additional cost. Clients are concerned about this fee increase.

The proposed vehicle fees will have an impact on small businesses that are operating vehicle fleets. This is an increased cost of doing business. Companies that have small for-hire vehicles under 6,000 pounds will be impacted by the motor vehicles excise tax.

Persons Testifying: (In support) Doug Levy, Washington Recreation and Park Association; Scott Hazlegrove, Washington State Auto Dealers Association; Michael Shaw, Washington State Transit Association; Randi Abrams-Caras, Cascade Bicycle Club; and Mike Groesch, Vigor Shipyard.

(In support with concerns) Carrie Dolwick, Transportation Choices Coalition.

(With concerns) Tim Gould, Sierra Club.

(Opposed) Mel Sorensen, Allstate, Property Casualty Insurers, and Professional Insurance Agents; Jean Leonard, State Farm; and James Fricke, Capital Aeroporter.

Persons Signed In To Testify But Not Testifying: None.