

HOUSE BILL REPORT

HB 2894

As Reported By House Committee On:
Transportation

Title: An act relating to paying for services provided to general aviation by exempting fuels used for aviation from sales and use taxation and increasing the aircraft fuel tax rate from three to six percent.

Brief Description: Paying for services provided to general aviation by sales and use tax exemptions and increasing the aircraft fuel tax rate.

Sponsors: Representatives Elliot and Grant.

Brief History:

Committee Activity:

Transportation: 1/31/96 [DP].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 20 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; R. Fisher, Ranking Minority Member; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Buck; Cairnes; Chopp; Elliot; Horn; McMahan; Ogden; Quall; Robertson; D. Schmidt; Scott; Sterk and Tokuda.

Staff: Gary Lebow (786-7304).

Background: Based on a \$2 price per gallon, the tax rate for aircraft fuel, including the retail sales and use tax and the aircraft fuel tax, is approximately 22 cents per gallon.

Approximately 16 cents per gallon is attributable to the retail sales and use tax. The proceeds from the sales and use tax are deposited into the general fund and are used for nonaviation-related activities.

Approximately 6 cents per gallon is attributable to the aircraft fuel tax. The proceeds from the aircraft fuel tax are deposited into the aeronautics account and are used to provide assistance to public airports through the Aeronautics Division of the Department of Transportation.

Summary of Bill: The users who currently pay the aircraft fuel tax are exempted from paying the sales and use taxes on aircraft fuel. The aircraft fuel tax rate is increased from 3 to 6 percent of the weighted average retail sales price. The proceeds from the tax increase are to be used for general aviation airport development and maintenance.

For users who pay the aircraft fuel tax and the sales and use tax, the tax rate will be approximately 12 cents per gallon, a reduction of 10 cents per gallon. For users who pay only the aircraft fuel tax, the tax rate will be approximately 12 cents per gallon, an increase of 6 cents per gallon. For users who do not pay aircraft fuel tax but do pay sales or use tax, the tax rate will remain at approximately 16 cents per gallon.

Appropriation: None.

Fiscal Note: Requested on January 24, 1996.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: Taxes on fuel have traditionally been used to fund user-related activities. Airports are vital to the state's economy and are in dire need of improvements.

Testimony Against: None.

Testified: Representative Ian Elliot, prime sponsor; Bill Brubaker, Department of Transportation Aviation Division; Bob Strandberg, citizen pilot; Dick Welsh, citizen pilot; and Mark Triplett, Washington Pilots Association.