

SENATE BILL REPORT

EHB 2032

As Reported By Senate Committee On:
Transportation, February 23, 1996

Title: An act relating to the sales tax on highway and ferry construction contracts.

Brief Description: Depositing certain sales or use tax revenue into the transportation fund.

Sponsors: Representatives K. Schmidt, R. Fisher, Hatfield, Cairnes, Brown, Backlund, Romero, Johnson, D. Schmidt, Elliot, Benton and Blanton.

Brief History:

Committee Activity: Transportation: 3/23/95 [DP]; 2/14/96, 2/23/96 [DP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Owen, Chair; Heavey, Vice Chair; Goings, Haugen, Morton, Prentice, Prince, Rasmussen, Schow, Thibaudeau and Wood.

Staff: Mary McLaughlin (786-7309)

Background: Sales tax is collected on highway construction and ferry contracts. Between \$20 million and \$30 million of sales tax revenues per year are collected and deposited in the general fund.

Summary of Bill: If the motor vehicle fuel tax rate increases after January 1, 1997, the amount of sales tax generated from the additional highway construction and ferry contracts related to the increased fuel tax will be deposited in the transportation fund instead of the general fund.

For each 1 cent increase in the motor vehicle fuel tax dedicated to highway and ferry construction, about \$1.2 million is generated in associated sales tax revenues.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Any sales tax revenue generated by new highway and ferry construction projects that is associated with an increase in the gas tax more appropriately belongs in the transportation fund.

Testimony Against: None.

Testified: Duke Schaub, Assn. of General Contractors (pro).