

HOUSE BILL REPORT

HB 1011

As Reported By House Committee On:

Transportation Policy & Budget

Title: An act relating to state and county ferries.

Brief Description: Exempting state and county ferry fuel sales and use tax.

Sponsors: Representatives K. Schmidt, Johnson, Skinner, Zellinsky, Mitchell, Robertson, Fisher, Hatfield, Hankins, Smith, Dunn, Mielke, Anderson and O'Brien.

Brief History:

Committee Activity:

Transportation Policy & Budget: 1/13/97, 2/4/97 [DPS].

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Blalock, Assistant Ranking Minority Member; Backlund; Buck; Cairnes; Chandler; DeBolt; Gardner; Hatfield; Johnson; Murray; O'Brien; Ogden; Radcliff; Robertson; Scott; Skinner; Sterk; Wood and Zellinsky.

Minority Report: Do not pass. Signed by 2 members: Representatives Cooper, Assistant Ranking Minority Member; and Constantine.

Staff: Roger Horn (786-7839).

Background: Unless specifically exempted, all vehicle fuels not subject to the motor vehicle or special fuel tax are subject to the retail sales and use tax. Under current law special fuel (diesel) purchased for ferry use is exempt from the special fuel tax and is therefore subject to the sales and use tax. Special fuel is purchased by the Washington State Ferries Division of the Department of Transportation and the counties of Wahkiakum, Whatcom, Skagit and Pierce for their ferry operations.

Motor vehicle fuel and special fuel used by urban transportation (transit) systems, or to transport persons with special needs by private, nonprofit transportation providers, are exempt from both fuel tax and retail sales and use tax.

Summary of Substitute Bill: Special fuel (diesel) and motor vehicle fuel (gasoline) purchased to operate ferries owned or operated by the state or one of its political subdivisions are exempt from the retail sales and use tax. The bill is null and void if it is not referenced by bill or chapter number in a 1997 appropriations act.

Substitute Bill Compared to Original Bill: Under the original bill special fuel used by state and county ferry systems became subject to the fuel tax and were therefore exempt from the retail sales and use tax. The taxes were then redistributed to the paying entity. The substitute bill explicitly exempts fuel used by ferry systems from the retail sales and use tax. The substitute exempts both motor vehicle and special fuel and does not require fuel taxes to be paid. The substitute bill includes a provision that makes the bill null and void if it is not referenced by bill or chapter number in a 1997 appropriations act.

Appropriation: None.

Fiscal Note: Requested on January 8, 1997.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1997. However, the bill is null and void if it is not referenced by bill or chapter number in a 1997 appropriations act.

Testimony For: Washington State Ferries provides transit services and should be given the same exemption on fuel as transit systems that use roads. The additional revenue is needed to support ferry operations.

Testimony Against: None.

Testified: Terry McCarthy, Washington State Ferries.