

SENATE BILL REPORT

ESHB 1011

As Reported By Senate Committee On:
Transportation, March 26, 1997
Ways & Means, April 14, 1997

Title: An act relating to state and county ferries.

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

Sponsors: House Committee on Transportation Policy & Budget (originally sponsored by Representatives K. Schmidt, Johnson, Skinner, Zellinsky, Mitchell, Robertson, Fisher, Hatfield, Hankins, Smith, Dunn, Mielke, Anderson and O'Brien).

Brief History:

Committee Activity: Transportation: 3/20/97, 3/26/97 [DP-WM, DNP].
Ways & Means: 4/14/97 [DP, DNP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Prince, Chair; Benton, Vice Chair; Wood, Vice Chair; Haugen, Morton, Oke, Prentice and Rasmussen.

Minority Report: Do not pass.

Signed by Senators Jacobsen and Patterson.

Staff: Roger Horn (786-7839)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Hochstatter, Long, McDonald, Rossi, Schow, Swecker, Winsley and Zarelli.

Minority Report: Do not pass.

Signed by Senators Brown and Loveland.

Staff: Terry Wilson (786-7433)

Background: Unless specifically exempt, 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, fuel purchased for ferry use is exempt from the fuel tax and is, therefore, subject to the sales and use tax. Public agencies operating ferries in Washington include the Washington State Ferries Division of the Department of Transportation, and the counties of Wahkiakum, Whatcom, Skagit and Pierce.

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 Bill: Special fuel (diesel) and motor vehicle fuel (gasoline) purchased to operate ferries owned or operated by the state or a county are exempt from the retail sales and use tax and the motor fuel tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For (Transportation): As a transit mode, ferries should have the same exemption from taxes on fuel as road-based transit. Washington State Ferries is identified in statute as a public mass transportation system and, as such, is the second largest transit system in the state. This exemption will have a small impact on the general fund but will be a great help to the state's ferry system.

Testimony Against (Transportation): None.

Testified (Transportation): Geoff Schmidt (for Representative Schmidt, original prime sponsor); Terry McCarthy, Washington State Ferries (pro).

Testimony For (Ways & Means): This is an equity issue. Public ferries are the only transit systems that have to pay the tax. This results in a loss of revenues but also reduced expenditures.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Representative K. Schmidt, prime sponsor (pro).