

SENATE BILL REPORT

SB 6226

As Reported By Senate Committee On:
Transportation, January 27, 1998

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: Funding airport development.

Sponsors: Senators Haugen, Morton, Winsley, Goings, Prince, Rasmussen, Prentice and Wood.

Brief History:

Committee Activity: Transportation: 1/20/98, 1/27/98 [DP-WM, DNP].

SENATE COMMITTEE ON TRANSPORTATION

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

Signed by Senators Prince, Chair; Wood, Vice Chair; Goings, Haugen, Heavey, Horn, Jacobsen, Morton, Oke, Prentice and Rasmussen.

Minority Report: Do not pass.

Signed by Senator Benton, Vice Chair.

Staff: Reema Shawa (786-7301)

Background: Based on a \$2 price per gallon, the current 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 six 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: Purchasers of aircraft fuel are exempt from paying retail sales tax and use tax on the fuel. The aircraft fuel tax rate is increased from 3 to 6 percent and the proceeds from this tax increase are credited to the Airport Development Account, created by this bill. The funds deposited into this newly created account are dedicated for general aviation airport development and maintenance.

Appropriation: None.

Fiscal Note: Requested on January 13, 1998.

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

Testimony For: This bill will bring in the revenue that is critically needed by the division as this revenue will provide airport development and improvement grants to local publicly owned airports.

Testimony Against: None.

Testified: PRO: Bill Brubaker, WSDOT Aviation Division; Jim Kuntz, Port of Walla Walla; Jack McGoldrick, WA Pilots Association; Tom Jensen, WA Air Search & Rescue.