

FINAL BILL REPORT

SCR 8415

As Passed Legislature

Brief Description: Examining motor vehicle excise tax distribution.

Sponsors: Senators West and Roach.

Background: The state imposes an excise tax for the privilege of using a motor vehicle in this state. The tax is levied annually on the value of the vehicle. These values are reduced each year according to a statutory schedule. The rate of tax for motor vehicles and log trucks is 2.2 percent. The rate of tax for truck-type power units used in combination with trailers for loads over 40,000 pounds is 2.78 percent (unless to haul logs). The trailer is exempt.

The revenues generated by the motor vehicle excise tax are deposited into various accounts and are used for both state and local general governmental and transportation-related purposes.

Summary: Staff of the fiscal committees of the Legislature are directed to examine the imposition and distribution of the motor vehicle excise tax, with the goal of using motor vehicle excise tax revenue for transportation purposes. The examination must include a review of: (1) the historical distribution of the tax revenues; (2) the current distribution of the revenues; (3) current and historical purposes of the tax; (4) the adequacy of state transportation funding from the motor vehicle excise tax and the revenue needs of other state and local programs; and (5) the rate of the motor vehicle excise tax compared to other states in the context of the total tax burden on motor vehicle owners. The examination must be completed by December 31, 1997, and a report submitted to the fiscal committees of the Legislature.

Votes on Final Passage:

Senate	25 24
House	Adopted