

FINAL BILL REPORT

I 695

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Synopsis as Enacted

Brief Description: License tabs<tax limitations.

Sponsors: By People of the State of Washington.

Background: In November 1999, Washington voters approved Initiative Measure No. 695 (I-695). Prior to passage of I-695, original license registration fees for motor vehicles were \$27.75 and renewal fees were \$23.75.

In addition to the motor vehicle license and renewal fees, the state imposed an excise tax for using motor vehicles on state highways. The tax was levied annually at 2.2 percent of the value of the vehicle. For excise tax purposes, vehicle value was the first published manufacturer's suggested retail price before options. The value of the vehicle was reduced each year according to a statutory depreciation schedule. The revenues generated by the motor vehicle excise tax were deposited into various accounts for various purposes; approximately 47 percent of the excise tax supported state transportation programs, 29 percent supported local transit systems, and 24 percent supported city and county transportation programs.

A local motor vehicle excise tax was authorized for public transit districts in amount up to 0.725 percent of the value of the vehicle. The local tax was credited against the state motor vehicle excise tax and the value of the vehicle was determined using the motor vehicle excise tax depreciation schedule.

Additionally, the state imposed a tax on travel trailers and campers, levied annually at 1.1 percent of the value. The value was reduced each year according to a statutory schedule.

Prior to passage of I-695, Washington law did not universally require voter approval for an increase in taxes, fees, or monetary charges by government. Voter approval was only required to exceed the state expenditure limit and for certain types of local government taxes and fees.

Summary: The state motor vehicle and travel trailer and camper excise taxes are repealed and a base annual registration fee of \$30 is imposed.

Voter approval is required for any increase in a state or local tax, fee, or other monetary charge by government. The voter approval requirement does not apply to higher education tuition, civil and criminal fines, and restitution.

Effective: January 1, 2000