

SENATE BILL REPORT

SB 6103

As Reported By Senate Committee On:
Transportation, April 5, 2005

Title: An act relating to transportation revenue.

Brief Description: Providing funding and funding options for transportation projects.

Sponsors: Senators Haugen and Swecker.

Brief History:

Committee Activity: Transportation: 4/5/05 [DPS, DNP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6103 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Jacobsen, Vice Chair; Swecker, Ranking Minority Member; Eide, Mulliken, Spanel and Weinstein.

Minority Report: Do not pass.

Signed by Senators Benson, Esser and Kastama.

Staff: David Ward (786-7341)

Background: The biennial transportation budget is supported by fuel tax revenues as well as various license, permit and fee revenues. To support the current, proposed biennial spending plan, additional revenue is required.

Summary of Substitute Bill: Part I - Fuel Taxes: Motor vehicle and special fuel taxes are raised 15 cents over 12 years. Beginning on July 1, 2005, the rate will increase from 28 cents to 31 cents (3 cents total), and from 31 cents to 33 cents (2 cents total) on July 1, 2006. On July 1, 2007 and every July 1st thereafter through July 1, 2016, an additional and cumulative annual tax at the rate of 1 cent will be applied to the sale of motor vehicle and special fuel. Increases in the tax will cease after July 1, 2016.

The equivalent of $\frac{1}{2}$ cent from the first 3 cent increase and $\frac{1}{2}$ cent from the subsequent 2 cent increase will be distributed directly to cities and counties based on population. This distribution will continue on into perpetuity. All remaining proceeds will be distributed to the new Transportation Partnership Account (TPA) created in the act. The account will retain 100 percent of its interest earnings. Beginning July 1, 2006 and every year thereafter, the sum of \$5M will be transferred directly from the TPA to the Transportation Improvement Board (TIB).

Part II - Vehicle Weight Fees: Vehicles under 10,000 pounds scale weight and motor homes are added to the Combined License Fee (CLF) weight schedule. For vehicles weighing less than 4,000 pounds, the CLF rises from \$30 to \$35 annually (a \$30 licensing fee plus a \$5

weight fee). For vehicles weighing 4,000 pounds but less than 6,000 pounds, the CLF rises from \$30 to \$45 annually (a \$30 licensing fee plus a \$15 weight fee). Vehicles weighing 6,000 pounds but less than 8,000 would pay a CLF of \$55 annually (a \$30 licensing fee plus a \$25 dollar weight fee). For motor homes weighing 6,667 or more pounds scale weight, the scale weight shall be multiplied by one hundred fifty percent to determine the annual CLF. Motor homes weighing 6,667 or more pounds scale weight would be eligible to purchase a fractional CLF based on the number of months the vehicle is operated. For private use trailers weighing less than 2,000 pounds scale weight, the CLF is lowered from \$30 annually to \$15 annually.

Proceeds from the passenger vehicle weight fee are to be deposited to the multimodal transportation account for the purpose of maintenance, repair, renovation, reconstruction, and replacement of state roads and highways or, for facilities and activities that reduce the number of vehicles or load weights on state roads and highways. Proceeds from the vehicle weight fee on light trucks is deposited to the motor vehicle account and then transferred to the transportation partnership account.

Part III - Local transportation Funding Options: The following local option taxes are authorized:

Annual Vehicle License Fee. A county may impose by ordinance or a majority vote, an annual vehicle fee as follows:

- Fee not to exceed \$20 between July 1, 2005 and December 31, 2009;
- Fee not to exceed \$25 between January 1, 2010 and December 31, 2014; and
- Fee not to exceed \$30 after December 31, 2014.

If a county does not impose the fee within one year of its authorization, a city or town may impose the fee.

Household Excise Tax. A county, city, or town may impose by ordinance or a majority vote, a household excise tax not to exceed four dollars per month per housing unit.

Employer Excise Tax. A county, city, or town may impose by ordinance or a majority vote, an excise tax on employers not to exceed two dollars per month per employee.

Transportation Improvement Assessment. A county, city, or town may impose by ordinance or a majority vote, an annual transportation improvement assessment not to exceed fifty dollars per parcel. The rate authorized must be applied uniformly to all parcels within the county.

Certain exemptions from the vehicle license fees are authorized including persons with a physical disability and persons at least sixty two years old with a household income less than an amount set by the county, city, or town.

If the tax or fee is levied countywide, revenue from all four options is to be distributed to the levying county and all cities and towns within the county based on relative per capita population.

The combined county, city, or town rate can not exceed the maximum amounts authorized in the bill.

Revenue from the four options must be used for transportation purposes only, including, but not limited to: the operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high capacity transit improvements and programs; and planning, design, and acquisition of right of way and site for such transportation purposes.

Part IV - License Fees: Substitute Senate Bill 6814, enacted in 2002, requires the Department of Licensing (DOL) to conduct a biennial study comparing the fees it charges for services to the cost of the agency to provide the service. The purpose of the study is to ensure cost recovery for DOL's services. The study is to be submitted to the transportation committees of the Legislature in even years. The initial study, submitted in 2004, found that a number of fees are insufficient to cover DOL's cost of providing the good or service.

Based on the 2003-2005 study, the following DOL fees are raised:

- the reflectorized plate fee is raised from 50 cents to \$2;
- the reflectorized plate set fee is raised from \$2 to \$4;
- the fee for replacement plates is raised from \$3 to \$10;
- the fee for an original driver's license application is raised from \$10 to \$20;
- the fee for an identicard is raised from \$15 to \$20;
- the fee for a driver permit is raised from \$15 to \$20;
- the fee to get a driver's license reinstated after a non-alcohol related offense is raised from \$20 to \$75; and
- the fee for a DUI hearing is raised from \$100 to \$200.

Substitute Bill Compared to Original Bill: A new class of farm vehicle trip permits are authorized. The new permit costs \$6.25, up to four can be purchased per year, and each permit is valid for the number of remaining days in the month of purchase. Also, language was added that requires exemptions to the employer excise tax authorized in Part III of bill be uniform across jurisdictions within a county if the jurisdiction chooses to contract with the Department of Revenue for administration and collection of the tax.

Appropriation: None.

Fiscal Note: Requested on April 4, 2005.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.