

# SENATE BILL REPORT

## SB 5146

---

As of February 16, 1995

**Title:** An act relating to the basis of vehicle excise taxes.

**Brief Description:** Basing vehicle excise tax on depreciated purchase price.

**Sponsors:** Senator McCaslin.

**Brief History:**

**Committee Activity:** Transportation: 2/16/95.

---

### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Jeff Doyle (786-7322)

**Background:** A motor vehicle excise tax (MVET) is imposed on motor vehicles used in this state. The basic tax rate is 2 percent of the value of the vehicle. A vehicle's value is determined according to the manufacturer's suggested retail price (MSRP), with adjustments made for depreciation according to a depreciation schedule set in statute.

In addition to the basic 2 percent tax, there are additional taxes added on. These additional taxes are earmarked for specific uses. For instance, there is an additional .02 percent added to the basic rate, with revenues deposited directly to the transportation fund. There also is a clean air excise tax imposed at the flat rate of \$2 per vehicle.

In determining the value of motor vehicles, there are two separate depreciation schedules: one is for large trucks, the other intended for passenger-type cars and trucks. The depreciation schedule used for large trucks allows the owner of the truck to receive greater depreciation, thus lowering the taxable value of his truck. The depreciation schedule used for passenger-type vehicles does not allow the vehicle's tax value to be lowered as quickly as with large trucks.

Travel trailers and campers have their own depreciation schedule. It allows faster depreciation than passenger-type vehicles, but not as rapid as depreciation on large trucks.

**Summary of Bill:** The actual purchase price of a vehicle is used as the basis for determining tax value, rather than the MSRP. This is uniform for large trucks, passenger-type vehicles, and travel trailers and campers.

Large trucks, passenger-type vehicles, and travel trailers/campers all pay tax based on the depreciation schedule formerly used just for large trucks.

**Appropriation:** None.

**Fiscal Note:** Requested on February 15, 1995.

**Effective Date:** The bill takes effect on July 1, 1996.