

SENATE BILL REPORT

SB 5706

As Reported By Senate Committee On:
Transportation, February 23, 1999

Title: An act relating to the decriminalization of license fraud violations and establishing a license fraud task force in the Washington state patrol.

Brief Description: Decriminalizing license fraud and establishing a license fraud task force in the Washington state patrol.

Sponsors: Senators Bauer, Haugen, Sellar, Benton, Shin, Eide, Prentice, Oke, Rasmussen, Jacobsen and Winsley.

Brief History:

Committee Activity: Transportation: 2/10/99, 2/23/99 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5706 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Benton, Costa, Eide, Horn, Johnson, Morton, Patterson, Prentice, Sheahan, T. Sheldon and Shin.

Staff: Jennifer Ziegler (786-7316)

Background: Failure to register a vehicle in Washington before operating it on a state highway constitutes a misdemeanor with a fine of no less than \$330. Licensing a vehicle in another state to evade any tax or license fee is a gross misdemeanor, punishable by up to one year in the county jail and a fine equal to twice the amount of the delinquent taxes and fees.

Registering an aircraft in another state or registering a vessel in another state or foreign country to avoid the Washington excise tax constitutes a gross misdemeanor. Failure to pay the annual tax imposed on a travel trailer or camper is a misdemeanor.

Failure to pay any excise taxes by the due date will result in a penalty of 5 percent of the amount of the tax. Failure to pay within one month of the due date will result in a penalty of 10 percent of the tax and failure to pay within two months will result in a penalty of 20 percent of the tax.

Summary of Substitute Bill: The Legislature intends to decriminalize license fraud and impose stronger civil penalties upon residents who do not comply with state vehicle registration laws.

The Washington State Patrol coordinates a License Fraud Task Force. One sergeant coordinates six task force detectives, two Department of Revenue tax discovery agents, and an Assistant Attorney General.

Anyone who fails to register a vehicle before operating it on a state highway is liable for a penalty of \$350 for each violation. Individuals who license a vehicle in another state to avoid paying any tax or license fee are liable for a minimum monetary penalty of \$1,000 and a maximum penalty of \$10,000. Failure to renew an expired registration remains a traffic infraction.

Any individual who fails to pay the aircraft excise tax, the watercraft excise tax, or the trailers and campers excise tax is liable for a minimum monetary penalty of \$1,000 and a maximum penalty of \$10,000.

If an individual does not pay the State Patrol within 15 days of the notice of the penalty, the Attorney General brings an action in superior court to recover the penalty, administrative fees, and attorney's fees. All penalties recovered must be paid into the state treasury and credited to the State Patrol highway account.

There is a rebuttable presumption of a tax deficiency and intent to avoid the excise taxes if a person failed to properly register or license a motor vehicle, aircraft, watercraft, trailer, or camper.

Substitute Bill Compared to Original Bill: The State Patrol coordinates the task force. Failure to renew an expired registration remains a traffic infraction. There is a rebuttable presumption of intent to avoid the excise taxes if a person fails to properly register a motor vehicle, aircraft, watercraft, trailer, or camper.

Appropriation: None.

Fiscal Note: Requested on February 8, 1999.

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

Testimony For: Those individuals who properly pay their Washington taxes and license fees are frustrated when the law is not enforced. This is a substantial problem in Clark County, from both a policy and fiscal standpoint. License fraud is often a low priority because it must compete with other crimes. This legislation increases the chance for enforcement and maintains the successful partnership with other agencies.

Testimony Against: None.

Testified: Capt. Eric Robertson, WA State Patrol (pro); Jim Thomas, DOR (pro with amendments).