
Transportation Committee

SB 6036

Brief Description: Repealing local motor vehicle taxes.

Sponsors: Senators Eide, Benton, Winsley, Oke, Long, Stevens, Johnson, Finkbeiner, Hale, Hochstatter, Carlson, Swecker, Rossi, Roach, T. Sheldon, Patterson and Kastama.

Brief Summary of Bill

- Repeals the local transit motor vehicle excise tax statute and all other statutes related to expenditure of money generated by that statute.
- Applies retroactively to January 1, 2000.

Hearing Date: 2/21/02

Staff: Paul Neal (786-7315).

Background:

RCW 35.58.273 authorizes local transit agencies to impose a motor vehicle excise tax (MVET) of up to 0.725 percent. The tax rate was credited against the statewide MVET. In November 1999 Initiative 695 passed, repealing the statewide MVET and imposing a \$30 license tab. The initiative repealed 44 sections of law. It did not, however, repeal the local transit MVET statute, RCW 35.58.273.

In late 1999 the state Attorney General's Office concluded that I-695 impliedly repealed RCW 35.58.273. The Attorney General reasoned in part that because the local tax was a credit against a tax that no longer existed, the local tax itself similarly ceased to exist. Accordingly, as of January 1, 2000, state and local agencies ceased collection of the tax.

The Supreme Court subsequently declared Initiative 695 unconstitutional. In response, the Legislature passed SB 6865 during the 2000 legislative session. SB 6865 repealed the MVET and imposed a \$30 license tab fee. It also repealed eight sections of the law. Again, RCW 35.58.273 was not included among those sections.

On February 14, 2002, the Supreme Court of Washington issued a decision in *ATU Legislative Council of Washington State and Washington State Transit Association v. State of*

Washington and 26 Counties and Their Auditors. The court upheld a lower court ruling that the local transit MVET was neither expressly nor impliedly repealed by SB 6865. The local transit MVET is, therefore, still in effect. The state, through the Department of Licensing, is responsible for collecting the tax. It is unclear at this time whether the tax would have to be collected retroactively.

Summary of Bill:

The local transit MVET statute, RCW 35.58.273, and all other statutes regarding the expenditure of money generated by that statute are repealed. The bill applies retroactively to January 1, 2000.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.