

HOUSE BILL REPORT

HB 1294

As Reported by House Committee On:
Transportation

Title: An act relating to special fuel taxes.

Brief Description: Providing an exemption from special fuel taxes for regional transit authorities.

Sponsors: Representatives B. Sullivan, Rodne, Eddy, Chase, Simpson, Haler and Roberts.

Brief History:

Committee Activity:

Transportation: 2/1/07, 2/22/07 [DP].

Brief Summary of Bill

- Exempts a regional transit authority from the special fuel tax even if its bus routes exceed 25 miles beyond the county limits where the bus trips originated.
- Allows refunds or credits on special fuel used by or on behalf of a regional transit authority for bus trips extending more than 25 miles beyond the county limits where the trips originated.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 19 members: Representatives Clibborn, Chair; Jarrett, Ranking Minority Member; Appleton, Campbell, Dickerson, Eddy, Hankins, Hudgins, Lovick, Rodne, Rolfes, Sells, Simpson, Springer, B. Sullivan, Takko, Upthegrove, Wallace and Wood.

Minority Report: Do not pass. Signed by 5 members: Representatives Schindler, Assistant Ranking Minority Member; Armstrong, Ericksen, Hailey and Kristiansen.

Staff: Kathryn Leathers (786-7114).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Transportation funding in Washington is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a tax on motor vehicle and special fuel, vehicle licensing fees, and gross weight fees. Vehicle fuels are taxed under the Motor Vehicle Fuel Tax Act or the Special Fuel Tax Act.

The special fuel tax applies to all combustible gases and liquids suitable for generating power to propel motor vehicles, except gasoline. The main types of fuels subject to the special fuel tax are diesel, natural gas, propane, butane, and a certain dyed fuel prescribed by federal law.

Several categories of uses are exempt from the special fuel tax, including using such fuel for street and highway construction and maintenance purposes in government-owned or operated motor vehicles, in publicly-owned fire fighting equipment, and in special mobile equipment related to construction.

In addition, urban passenger transportation systems and other specially-defined carriers are exempt from paying the special fuel tax. "Urban passenger transportation system" means every publicly or privately-owned transportation system that has bus fares as its principal source of revenue. An urban passenger transportation system is exempt from the special fuel tax only if its direct or connecting bus routes do not exceed 25 miles beyond the corporate limits of the county where the vehicle started.

An urban passenger transportation system meeting the criteria of this exemption is entitled to a refund or credit against special fuel used by its urban transportation vehicles. No refund or credit is granted, however, on special fuel used by an urban transportation vehicle on any trip where a portion of the trip is more than 25 road miles beyond the corporate limits of the county in which the trip originated.

Regional transportation authorities meet the basic definition of urban passenger transportation systems, except that bus fares are typically not an authority's principal source of revenue. A regional transit authority provides, and contracts with bus service providers to provide bus routes that extend 25 miles or more beyond the county in which the buses originated.

Summary of Bill:

The definition of "urban passenger transportation system" is modified to expressly include a regional transit authority authorized to provide public transportation services extending across the corporate limits between two or more counties. The definition is further modified to include any urban transportation provider that has bus fares as "a" source, and not as its "principal" source, of revenue.

A regional transit authority is exempt from the special fuel tax even if it operates direct and connecting bus routes extending further than 25 road miles beyond the corporate limits of the county where the buses started.

Refunds and credits must be granted on special fuel used on a bus trip provided by or on behalf of a regional transit authority, even where a portion of the trip is more than 25 road miles beyond the corporate limits of the county in which the trip originated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Sound Transit did not exist when this law was originally enacted, and this bill is a technical fix to reflect what is believed to be the Legislature's intent to exempt all public transit systems from paying a special fuel tax.

(Opposed) None.

Persons Testifying: (In support) Joni Earl, Sound Transit.

Persons Signed In To Testify But Not Testifying: None.