

HOUSE BILL REPORT

HB 1995

As Passed House:
April 10, 2015

Title: An act relating to a new studded tire fee.

Brief Description: Imposing a new studded tire fee.

Sponsors: Representative Ryu.

Brief History:

Committee Activity:

Transportation: 2/18/15, 2/25/15 [DP].

Floor Activity:

Passed House: 4/10/15, 57-40.

Brief Summary of Bill

- Imposes a \$5 fee on each new tire sold that contains studs.
- Allows the seller to retain 10 percent of the fee collected.
- Implements penalties for sellers and buyers who do not pay and collect the fee.
- Directs the Department of Revenue (DOR) to collect the number of tires and fees on the business excise tax return.
- Directs the DOR to include in their audits a reconciliation of the number of tires sold and the fees collected.
- Directs the fees to be deposited in the Motor Vehicle Fund.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 16 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Bergquist, Gregerson, McBride, Moeller, Morris, Ortiz-Self, Riccelli, Sells, Takko, Tarleton, Young and Zeiger.

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.

Minority Report: Do not pass. Signed by 9 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Hayes, Kochmar, Pike, Rodne, Shea and Wilson.

Staff: Jerry Long (786-7306).

Background:

Under current law, studded tires may only be used from November 1 until March 31 of each year. The Washington State Department of Transportation (WSDOT) may, from time to time, determine additional periods in which studded tires may be used. It is a traffic infraction, punishable by a fine of \$124, to use studded tires between April 1 and November 1. In a June 30, 2012, State Materials Laboratory technical brief, estimated damage from studded tires to the WSDOT's asphalt pavement costs \$7.8 million to \$11.3 million per year.

Summary of Bill:

A \$5 fee is imposed on the retail sale of each new tire sold that contains studs. The \$5 fee must be paid by the buyer to the seller, and each seller must collect the full amount of the fee from the buyer. The fee collected from the buyer must be paid to the Department of Revenue (DOR), except that the seller retains 10 percent of the fee collected.

The seller, until paid to the DOR, must hold the funds in trust. A seller who uses the funds for any use other than the payment of the fee on the due date is guilty of a gross misdemeanor. A seller who fails to collect the fee from the buyer or collects the fee and fails to pay the fee to the DOR is personally liable to Washington for the amount of the fee.

The amount of the fee, until paid by the buyer to the seller or to the DOR, constitutes a debt from the buyer to the seller. Any seller who does not or refuses to collect the fee with the intent to gain advantage or benefit and any buyer who refuses to pay the fee due is guilty of a misdemeanor.

The DOR must collect on the business excise tax from the business selling studded tires, the number of tires sold, and the fees. The DOR must include in its audit cycle a reconciliation of the number of tires sold and the amount of revenue collected by the business selling new tires that contain studs.

All applicable excise tax statutory administration provisions apply such as penalties, interest, refunds, late payments, audits, filing of excise tax returns, liens, appeals, assessments, and record retention.

The amount paid to the DOR is deposited in the Motor Vehicle Fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2016.

Staff Summary of Public Testimony:

(In support) Studded tires produce noise and cause damages of \$10 million per year to state roadways. Banning studded tires is not feasible and the \$5 is a modest fee. People will hopefully look at some of the newer tire options, which do really well in bad weather without having studs. New all-weather tires provide great traction. The newer tires will result in reduced wear and tear on the state and local roadways. The newer tires reduce the amount of road noise as compared to studded tires.

(Opposed) None.

Persons Testifying: Representative Ryu, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.