

SENATE BILL REPORT

SB 5851

As of March 6, 2017

Title: An act relating to the valuation of motor vehicles for purposes of certain motor vehicle excise taxes.

Brief Description: Concerning the valuation of motor vehicles for purposes of certain motor vehicle excise taxes.

Sponsors: Senators Rossi, Becker, O'Ban, Bailey and Fortunato.

Brief History:

Committee Activity: Transportation:

Brief Summary of Bill

- Replaces the current motor vehicle excise tax valuation used by a Regional Transit Authority to either Kelley Blue Book or the National Automobile Dealer Association values, whichever is lower.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Kellee Keegan (786-7429)

Background: Motor Vehicle Excise Tax. A motor vehicle excise tax (MVET) is a tax paid on the value of a motor vehicle.

Initiatives approved by the voters in 2000 (Initiative 695) and 2003 (Initiative 776) repealed statewide and local MVETs. Although both initiatives were eventually ruled unconstitutional, in whole or in part the Legislature, in 2000, repealed the statewide MVET. Certain local MVETs were retained: Sound Transit and the Seattle Monorail. As of 2017, Sound Transit is the only currently operating local agency imposing an MVET to develop and operate a high capacity transit (HCT) system.

The 2005 Transportation Budget directed the Joint Transportation Committee (JTC) to study the feasibility of developing a uniform MVET depreciation schedule that would more accurately reflect vehicle value and not hinder existing debt obligations. As a result of the

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.

study, the Legislature passed SSB 6247 in 2006 that enacted a new valuation schedule. Statutes relating to the previous schedule were subsequently repealed.

Valuation Schedule pre-2006. The following vehicle valuation schedule for passenger cars and trucks was in statute prior to 2006 and is currently used by DOL and Sound Transit.

	Schedule 1	Schedule 2
Year	Percent	Percent
1	100%	100%
2	95%	90%
3	89%	83%
4	83%	75%
5	74%	67%
6	65%	59%
7	57%	52%
8	48%	44%
9	40%	36%
10	31%	28%
11	22%	21%
12	14%	13%
13 or older	10%	10%

Valuation Schedule 1: Passenger vehicles, motorcycles, light-duty trucks, and small trailers. Base manufacturer's suggested retail price (MSRP) is used in the valuation.

Valuation Schedule 2: Certain trucks with scale weight of over 6001 pounds.

Valuation Schedule post-2006. This vehicle valuation schedule is currently provided in statute.

	Schedule A	Schedule B
Year	Percent	Percent
1	100%	100%
2	81%	81%
3	67%	72%
4	55%	63%
5	45%	55%
6	37%	47%
7	30%	41%
8	25%	36%
9	20%	32%
10	16%	27%
11	13%	26%
12	11%	24%
13	9%	23%
14	7%	21%
15	3%	16%

16 or older	0%	10%
-------------	----	-----

Base vehicle valuation is defined at 85 percent of MSRP for all taxable vehicle use classes, other than heavy and medium trucks. Base value for heavy and medium trucks is defined by latest purchase price (Schedule A).

Valuation Schedule A: Heavy and medium trucks whose empty scale weights exceed 6000 pounds, including commercial and log use trucks. Valuation represents the average, annual national market depreciation for all vehicles in the class. The same method as provided in Schedule 2, above, is used.

Valuation Schedule B: All other vehicles. The valuation represents average, annual western-region market depreciation for passenger vehicles and light trucks.

Current Regional Transit Authority MVET. In 2015, the Legislature passed 2ESSB 5987, an omnibus transportation revenue bill. The bill provided more capacity for the Regional Transit Authority, Sound Transit, to generate revenue with its MVET, sales and use tax rate, and property tax. The MVET an RTA could submit to the voters was increased by 0.8 percent. The MVET valuation schedule, as it existed on January 1, 1996, would operate until December 31st of the year in which the RTA repays bond debt to which the tax was pledged before 2ESSB 5987 went into effect. Any MVET collected after December 31 in the year the bond debt is retired must use the valuation schedule enacted in 2006.

Summary of Bill: For the purpose of determining an RTA imposed MVET, the value must be based off of base model Kelley Blue Book values or National Automobile Dealer Association values, whichever is lower. The valuation change would be applied retroactively, beginning July 15, 2015.

Appropriation: None.

Fiscal Note: Requested on February 22, 2017.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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