

FINAL BILL REPORT

I 776

C 1 L 03

Synopsis as Enacted

Brief Description: *License tab fees.*

Sponsors: *By People of the State of Washington.*

Background: Generally, motor vehicle owners must pay an annual \$30 license tab fee to license their vehicles to lawfully operate the vehicles on public highways. In lieu of the license tab fee, owners of certain trucks, buses, and for hire vehicles must pay a gross weight fee pursuant to a statutory schedule based on the vehicle's gross weight.

In addition to vehicle license tab fees and gross weight fees, certain local transit agencies were permitted to impose a local motor vehicle excise tax (MVET), to be credited against the state's MVET, for the purpose of funding public transportation systems. This provision was repealed by the Legislature during the 2002 session (C 6 L 02).

Prior to the passage of Initiative Measure 776, certain local transit agencies, including regional transit authorities, were permitted to impose a local MVET in addition to the state's MVET, subject to voter approval, for the purpose of funding high-capacity transportation systems. Counties and certain cities were also permitted to impose an additional local vehicle license fee of up to \$15 for transportation purposes.

Summary: The Initiative clarifies that license tab fees are required to be \$30 per year for motor vehicles. Light trucks (trucks with a gross weight up to 8,000 pounds) are subject to a gross weight fee of \$30.

The following local taxes and fees are repealed: (1) the local transit MVET that was credited against the state MVET; (2) the additional local MVET for high-capacity transportation systems; and (3) the additional local vehicle license fee.

A legislative intent section was enacted stating that if the repeal of the additional local MVET affects any bonds issued for light rail projects, the expectation is that transit agencies will retire those bonds using reserve funds including accrued interest, sale of property or equipment, new voter approved tax revenues, or any combination of these revenue sources. Additionally, transit agencies are encouraged to put another tax revenue measure before voters if they want to continue with a light rail system dramatically changed from that previously approved by voters.

Effective: December 5, 2002. In February 2003, the King County Superior Court enjoined, in its entirety, enforcement of Initiative 776 on the grounds that it contained more than one subject, failed to identify certain subjects in the title, and impaired certain contractual obligations. Subsequently, the Washington Supreme Court accepted direct review of the case and heard oral arguments on June 26, 2003. A decision is pending.