

SENATE BILL REPORT

SB 5430

As of February 15, 2013

Title: An act relating to the distribution and use of aircraft excise taxes.

Brief Description: Modifying the distribution and use of aircraft excise taxes.

Sponsors: Senators Hobbs, King, Eide, Honeyford, Schlicher and Cleveland.

Brief History:

Committee Activity: Transportation: 2/13/13, 2/14/13 [DP-WM, w/oRec].
Ways & Means:

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Eide, Co-Chair; Hobbs, Vice Co-Chair; King, Co-Chair; Brown, Ericksen, Fain, Budget Leadership Cabinet; Harper, Mullet, Rolfes, Schlicher, Sheldon and Smith.

Minority Report: That it be referred without recommendation.

Signed by Senator Benton, Vice Co-Chair.

Staff: Hayley Gamble (786-7452)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Current law requires the collection of an annual aircraft excise tax. The amount of the tax varies by the type of aircraft and ranges from \$20 for a home-built aircraft up to \$125 for a turbojet multi-engine fixed wing plane. Of the taxes collected, 90 percent is deposited into the general fund and 10 percent is retained in the aeronautics account to cover administrative expenses. The current tax rates have been in place since 1983 and the current distribution since 1987. The aircraft excise tax raises approximately \$290,000 per year.

The Aviation Division of the Washington State Department of Transportation (WSDOT) annually awards grants to public use airports in the state for pavement, safety, planning, and security. Awards are funded from the aeronautics account. Aeronautics account state funds

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are typically used to leverage additional federal funds beyond those already received by WSDOT. In 2012, WSDOT used \$875,000 in state funds to leverage \$32 million in federal grants for Washington airports.

Summary of Bill: All of the annual aircraft excise tax is deposited into the aeronautics account to be used for state grants to airports and to cover administrative expenses associated with grant execution and collection of the aircraft excise tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Transportation): PRO: This bill will help airport infrastructure. Airport infrastructure is in need of repair, if this revenue stream is not used for needed repairs, what revenue will? Investments were made by past generations and need to be kept up. Small airports are important to rural communities and they need to be maintained. WSDOT grants are the sole source of revenue for some airports. State and federal agencies need access to these airports.

OTHER: WSDOT is neutral on this bill. There are shortfalls in airport funding that need to be addressed, with \$163 million identified in backlog work. Pavement conditions have declined statewide. Washington airports support many jobs and a lot of economic activity in the state.

Persons Testifying (Transportation): PRO: Senator Hobbs, prime sponsor; David Ketchum, WA State Community Airport Assn.; Jamelle Garcia, WA Aviation Assn.; Ryan Zulauf, WA Airport Management Assn.; Stephen Ratzlaff, WA Seaplane Pilots Assn.; Les Smith, WA Pilots Assn.

OTHER: Tristan Atkins, WSDOT Aviation Division.