

# FINAL BILL REPORT

## SHB 1738

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Synopsis as Enacted

**Brief Description:** Concerning marine, off-road recreational vehicle, and snowmobile fuel tax refunds based on actual fuel taxes paid.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Orcutt, Clibborn, Hayes, Fey, Hargrove, Farrell, Zeiger, Moscoso, Muri, Condotta, Buys and Harmsworth).

**House Committee on Transportation**  
**Senate Committee on Transportation**

#### **Background:**

Non-highway and off-road fuel tax refunds are calculated using a lower fuel tax rate than the actual motor vehicle fuel tax rate. As a result, some fuel taxes paid by non-highway and off-road vehicle (ORV) users are incorporated into the state's transportation budget and used for highway purposes by state agencies, cities, and counties. In 1990 the fuel tax was increased to 23 cents per gallon, and refunds were limited to 18 cents per gallon for off-road and non-highway users. In 2003 when the fuel tax was increased to 28 cents, the refund rate was increased by 1 cent per gallon per biennium, ending at 23 cents per gallon after July 1, 2011. The full 5-cents increase of the "Nickel Package" was dedicated to state projects, and other highway purposes. In 2005 when the fuel tax was increased by 9.5 cents, the refunds remained at 23 cents, and the full 9.5 cents were used for state and local highway projects, and other highway purposes.

#### Marine Fuel Tax Refunds.

After taking into account past and anticipated claims for refunds, 23 cents per gallon is transferred monthly to the Recreation Resources Account, for administration by the Recreation and Conservation Funding Board, to benefit watercraft recreation.

#### Off-Road Vehicle Fuel Tax Refunds.

One percent of the motor vehicle fuel tax revenues, which are paid by ORV users, which is equivalent to 23 cents per gallon of ORV fuel tax, is divided between two accounts:

- the ORV and Non-Highway Vehicle Account—41.5 percent, for the development and maintenance of non-highway roads and recreation facilities, administered by the

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*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.*

- Department of Natural Resources, the Washington Department of Fish and Wildlife, and the State Parks and Recreation Commission; and
- the NOVA Program Account—58.5 percent, for the development and management of ORV, non-motorized, and non-highway road recreation facilities, administered by the Recreation and Conservation Office's Recreation and Conservation Funding Board.

Very few non-highway refunds are actually made. Most off-road fuel tax refunds are transferred to the dedicated accounts listed above.

#### Snowmobile Fuel Tax Refunds.

The Department of Licensing determines the fuel tax paid on snowmobile fuel. The snowmobile fuel tax refund amount is determined by multiplying the number of registered snowmobiles by 135 gallons as the average yearly amount of fuel used and a fuel tax rate of 23 cents per gallon. This amount is transferred to the Snowmobile Account administered by the State Parks and Recreation Commission. The funds are used for snowmobile recreational areas. No individual refunds are made.

#### **Summary:**

The fuel tax rate for marine, ORV, and snowmobile fuel tax refunds and transfers is maintained at 23 cents per gallon through June 30, 2031. The fuel tax rate for marine, ORV, and snowmobile fuel tax refunds and transfers is changed beginning on July 1, 2031, and thereafter. The refunds and transfers will be based on the state's fuel rate in existence at the time of the fuel purchase.

#### **Votes on Final Passage:**

House 98 0

#### Second Special Session

House 89 0

Senate 43 0

**Effective:** September 26, 2015