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**SENATE BILL 5075**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senators Kuderer, Palumbo, Wellman, Hunt, Hasegawa, and Darneille

AN ACT Relating to the creation of a motor vehicle excise tax low-income market value adjustment program; amending RCW 82.44.135; adding a new section to chapter 82.44 RCW; adding new sections to chapter 81.112 RCW; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 82.44.135 and 2006 c 318 s 9 are each amended to read as follows:

(1) Before a local government subject to this chapter may impose a motor vehicle excise tax, the local government must contract with the department for the collection of the tax. Except as otherwise provided in this section, the department may charge a reasonable amount, not to exceed one percent of tax collections, for the administration and collection of the tax.

(2) Any contract entered into with a regional transit authority for the collection of a motor vehicle excise tax must provide that the department receives full reimbursement for the administration and collection of the tax, including those costs related to customer service and information technology.

NEW SECTION. **Sec.**  A new section is added to chapter 82.44 RCW to read as follows:

If the department enters into a contract with a regional transit authority for the collection of a motor vehicle excise tax authorized in RCW 81.104.160(1), and after the regional transit authority implements a low-income market value adjustment program as directed in section 3 of this act, the department must clearly indicate, when issuing notices to persons renewing vehicle registrations under RCW 46.16A.110, the net result after application of the credit. The department must include as part of the notices an insert that provides a description of the low-income market value adjustment program and how it affects taxpayers generally.

NEW SECTION. **Sec.**  A new section is added to chapter 81.112 RCW to read as follows:

(1) A regional transit authority that includes portions of a county with a population of more than one million five hundred thousand and that imposes a motor vehicle excise tax under RCW 81.104.160(1) must establish a low-income market value adjustment program to be implemented for eligible vehicles owned by low-income individuals with registrations that are due or become due on or after July 1, 2019.

(2) Under the low-income market value adjustment program, the authority must provide a credit against the motor vehicle excise tax due in an amount equal to the tax due under RCW 81.104.160(1) calculated using the vehicle valuation methodology authorized under RCW 81.104.160(1), less the tax otherwise due calculated using the vehicle valuation schedule of percentages in RCW 82.44.035, as applied to eighty-five percent of the value of the vehicle, if the resulting difference is positive.

(3) The program may be funded by any resources available to the authority. The program must be implemented in a manner that allows the delivery of the system and financing plan approved by the authority's voters in 2016 to the extent practicable.

(4) Until the plan has been completed, the authority must submit an annual report to the transportation committees of the legislature by December 31st of each year on the status of the delivery of the plan. The report must include detail on the extent to and manner in which the authority has used cost savings to maintain the delivery of the plan as approved by the voters.

(5) The department of licensing is authorized to make rules to implement this section.

(6) For the purposes of this section:

(a) "Eligible vehicle" means a vehicle that is ten years old or newer; and

(b) "Low-income individual" means a person with an income at or below two hundred fifty percent of the federal poverty line, adjusted for family size, for the county in which he or she resides.

NEW SECTION. **Sec.**  A new section is added to chapter 81.112 RCW to read as follows:

(1) Beginning September 1, 2019, and continuing through the end of June 2020, the authority must allow an additional one-time low-income individual credit against the motor vehicle excise tax due with respect to any vehicle for which the 0.8 percent tax in RCW 81.104.160(1) was paid on or after January 1, 2019, and before July 1, 2019. The one-time low-income individual credit amount on the 0.8 percent tax paid on or after January 1, 2019, and before July 1, 2019, must be calculated using the low-income market value adjustment program credit methodology in section 3 of this act, except that the total amount of credit applied under this section and section 3 of this act may not exceed the current motor vehicle excise tax liability with respect to the vehicle. The authority may develop a system for issuing one-time credits in consultation with the department of licensing.

To the greatest extent practicable, the credit provided under this section must be issued using an online process or as part of regular motor vehicle excise tax payment processing.

(2) The department of licensing is authorized to make rules to implement this section.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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