

HB 2119 - H COMM AMD

By Committee on Transportation

1 On page 6, at the beginning of line 25, strike "**Exported Fuel**
2 **Tax,**"

3 Beginning on page 6, line 29, strike all of sections 201 through
4 206

5 Renumber the remaining sections consecutively and correct any
6 internal references accordingly.

7 On page 67, after line 31, insert the following:

8 "NEW SECTION. **Sec. 313.** It is the intent of the legislature to
9 ensure Washington's transportation infrastructure can support the
10 safe and efficient movement of people and goods. Primary funding for
11 transportation infrastructure efforts comes from the state portion of
12 the fuel tax and fees for registering motor vehicles. This is an
13 unsustainable model of funding in light of the trend to adopt laws
14 that are meant to reduce vehicle miles traveled, reduce the quantity
15 of emissions of greenhouse gases per distance traveled in the
16 transportation sector, and reduce the sale of fossil fuels. There is
17 an immediate need for additional funding to address a backlog in
18 preservation and maintenance on the existing transportation system.
19 The legislature intends to establish an additional funding source
20 that would not be subject to bonding, and therefore offer greater
21 flexibility and efficiency in addressing transportation
22 infrastructure needs. The legislature finds that dedicating the sales
23 tax revenue on vehicle sales to the transportation budget would
24 reinforce the state's ability to provide the twenty-first century
25 transportation system that the people of Washington can and should
26 expect.

27 **Sec. 314.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to
28 read as follows:

1 (1) There is levied and collected a tax equal to six and five-
2 tenths percent of the selling price on each retail sale in this state
3 of:

4 (a) Tangible personal property, unless the sale is specifically
5 excluded from the RCW 82.04.050 definition of retail sale;

6 (b) Digital goods, digital codes, and digital automated services,
7 if the sale is included within the RCW 82.04.050 definition of retail
8 sale;

9 (c) Services, other than digital automated services, included
10 within the RCW 82.04.050 definition of retail sale;

11 (d) Extended warranties to consumers; and

12 (e) Anything else, the sale of which is included within the RCW
13 82.04.050 definition of retail sale.

14 (2) There is levied and collected an additional tax on each
15 retail car rental, regardless of whether the vehicle is licensed in
16 this state, equal to five and nine-tenths percent of the selling
17 price. The revenue collected under this subsection must be deposited
18 in the multimodal transportation account created in RCW 47.66.070.

19 (3) (a) Beginning July 1, 2003, there is levied and collected an
20 additional tax of three-tenths of one percent of the selling price on
21 each retail sale of a motor vehicle in this state, other than retail
22 car rentals taxed under subsection (2) of this section. The revenue
23 collected under this subsection must be deposited in the multimodal
24 transportation account created in RCW 47.66.070.

25 (b) For purposes of this subsection (3), "motor vehicle" has the
26 meaning provided in RCW 46.04.320, but does not include:

27 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
28 and 46.04.181, unless the farm tractor or farm vehicle is for use in
29 the production of marijuana;

30 (ii) Off-road vehicles as defined in RCW 46.04.365;

31 (iii) Nonhighway vehicles as defined in RCW 46.09.310; and

32 (iv) Snowmobiles as defined in RCW 46.04.546.

33 ~~(4) ((For purposes of subsection (3) of this section, "motor~~
34 ~~vehicle" has the meaning provided in RCW 46.04.320, but does not~~
35 ~~include:~~

36 ~~(a) Farm tractors or farm vehicles as defined in RCW 46.04.180~~
37 ~~and 46.04.181, unless the farm tractor or farm vehicle is for use in~~
38 ~~the production of marijuana;~~

39 ~~(b) Off-road vehicles as defined in RCW 46.04.365;~~

40 ~~(c) Nonhighway vehicles as defined in RCW 46.09.310; and~~

1 ~~(d) Snowmobiles as defined in RCW 46.04.546.)~~ (a) Beginning July
2 1, 2022, and every year thereafter, all revenue collected under
3 subsection (1) of this section on each new and used retail sale of a
4 vehicle in this state, including private party sales, but excluding
5 retail car rentals taxed under subsection (2) of this section, must
6 be deposited into the transportation preservation and maintenance
7 account.

8 (b) For purposes of this subsection (4), "vehicle" has the
9 meaning provided in RCW 46.04.670 including, but not limited to,
10 passenger vehicles, light trucks, commercial vehicles, travel
11 trailers, recreational vehicles, intermittent use trailers,
12 motorcycles, and campers, but "vehicle" does not include:

13 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
14 and 46.04.181, unless the farm tractor or farm vehicle is for use in
15 the production of marijuana;

16 (ii) Off-road vehicles as defined in RCW 46.04.365;

17 (iii) Nonhighway vehicles as defined in RCW 46.09.310;

18 (iv) Bicycles as defined in RCW 46.04.071; and

19 (v) Snowmobiles as defined in RCW 46.04.546.

20 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
21 collected under subsection (1) of this section must be dedicated to
22 funding comprehensive performance audits required under RCW
23 43.09.470. The revenue identified in this subsection must be
24 deposited in the performance audits of government account created in
25 RCW 43.09.475.

26 (6) The taxes imposed under this chapter apply to successive
27 retail sales of the same property.

28 (7) The rates provided in this section apply to taxes imposed
29 under chapter 82.12 RCW as provided in RCW 82.12.020.

30 **Sec. 315.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to
31 read as follows:

32 (1) There is levied and collected from every person in this state
33 a tax or excise for the privilege of using within this state as a
34 consumer any:

35 (a) Article of tangible personal property acquired by the user in
36 any manner, including tangible personal property acquired at a casual
37 or isolated sale, and including by-products used by the manufacturer
38 thereof, except as otherwise provided in this chapter, irrespective

1 of whether the article or similar articles are manufactured or are
2 available for purchase within this state;

3 (b) Prewritten computer software, regardless of the method of
4 delivery, but excluding prewritten computer software that is either
5 provided free of charge or is provided for temporary use in viewing
6 information, or both;

7 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
8 (g) or (6)(c), excluding services defined as a retail sale in RCW
9 82.04.050(6)(c) that are provided free of charge;

10 (d) Extended warranty; or

11 (e)(i) Digital good, digital code, or digital automated service,
12 including the use of any services provided by a seller exclusively in
13 connection with digital goods, digital codes, or digital automated
14 services, whether or not a separate charge is made for such services.

15 (ii) With respect to the use of digital goods, digital automated
16 services, and digital codes acquired by purchase, the tax imposed in
17 this subsection (1)(e) applies in respect to:

18 (A) Sales in which the seller has granted the purchaser the right
19 of permanent use;

20 (B) Sales in which the seller has granted the purchaser a right
21 of use that is less than permanent;

22 (C) Sales in which the purchaser is not obligated to make
23 continued payment as a condition of the sale; and

24 (D) Sales in which the purchaser is obligated to make continued
25 payment as a condition of the sale.

26 (iii) With respect to digital goods, digital automated services,
27 and digital codes acquired other than by purchase, the tax imposed in
28 this subsection (1)(e) applies regardless of whether or not the
29 consumer has a right of permanent use or is obligated to make
30 continued payment as a condition of use.

31 (2) The provisions of this chapter do not apply in respect to the
32 use of any article of tangible personal property, extended warranty,
33 digital good, digital code, digital automated service, or service
34 taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to,
35 or the use by, the present user or the present user's bailor or donor
36 has already been subjected to the tax under chapter 82.08 RCW or this
37 chapter and the tax has been paid by the present user or by the
38 present user's bailor or donor.

39 (3)(a) Except as provided in this section, payment of the tax
40 imposed by this chapter or chapter 82.08 RCW by one purchaser or user

1 of tangible personal property, extended warranty, digital good,
2 digital code, digital automated service, or other service does not
3 have the effect of exempting any other purchaser or user of the same
4 property, extended warranty, digital good, digital code, digital
5 automated service, or other service from the taxes imposed by such
6 chapters.

7 (b) The tax imposed by this chapter does not apply:

8 (i) If the sale to, or the use by, the present user or his or her
9 bailor or donor has already been subjected to the tax under chapter
10 82.08 RCW or this chapter and the tax has been paid by the present
11 user or by his or her bailor or donor;

12 (ii) In respect to the use of any article of tangible personal
13 property acquired by bailment and the tax has once been paid based on
14 reasonable rental as determined by RCW 82.12.060 measured by the
15 value of the article at time of first use multiplied by the tax rate
16 imposed by chapter 82.08 RCW or this chapter as of the time of first
17 use;

18 (iii) In respect to the use of any article of tangible personal
19 property acquired by bailment, if the property was acquired by a
20 previous bailee from the same bailor for use in the same general
21 activity and the original bailment was prior to June 9, 1961; or

22 (iv) To the use of digital goods or digital automated services,
23 which were obtained through the use of a digital code, if the sale of
24 the digital code to, or the use of the digital code by, the present
25 user or the present user's bailor or donor has already been subjected
26 to the tax under chapter 82.08 RCW or this chapter and the tax has
27 been paid by the present user or by the present user's bailor or
28 donor.

29 (4) (a) Except as provided in (b) of this subsection (4), the tax
30 is levied and must be collected in an amount equal to the value of
31 the article used, value of the digital good or digital code used,
32 value of the extended warranty used, or value of the service used by
33 the taxpayer, multiplied by the applicable rates in effect for the
34 retail sales tax under RCW 82.08.020.

35 (b) In the case of a seller required to collect use tax from the
36 purchaser, the tax must be collected in an amount equal to the
37 purchase price multiplied by the applicable rate in effect for the
38 retail sales tax under RCW 82.08.020.

1 (5) For purposes of the tax imposed in this section, "person"
2 includes anyone within the definition of "buyer," "purchaser," and
3 "consumer" in RCW 82.08.010.

4 (6) Beginning July 1, 2022, and every year thereafter 100 percent
5 of all use tax revenue collected under subsection (1) of this section
6 on the use of each new and used vehicle in this state, but excluding
7 retail car rentals taxed under RCW 82.08.020, must be deposited into
8 the transportation preservation and maintenance account.

9 NEW SECTION. Sec. 316. A new section is added to chapter 46.68
10 RCW to read as follows:

11 (1) The transportation preservation and maintenance account is
12 created in the state treasury. Moneys in the account may be spent
13 only after appropriation. Expenditures from the account may be used
14 only for transportation projects, programs, or activities.

15 (2) All sales and use tax revenues on new and used vehicles
16 deposited into the transportation preservation and maintenance
17 account pursuant to RCW 82.08.020 and 82.12.020 must be used
18 exclusively on a cash funding basis for transportation projects,
19 programs, and activities, including reducing the reliance on
20 transportation-related debt obligations pursuant to subsection (3) of
21 this section. All sales and use tax revenues on new and used vehicles
22 deposited into the transportation preservation and maintenance
23 account pursuant to RCW 82.08.020 and 82.12.020 cannot be used for
24 any new revenue bond issues or used as a source for any other type of
25 debt or similar type of financing mechanism.

26 (3) Part of the purpose in the allocation of additional resources
27 from the sales and use tax revenues on new and used vehicles into the
28 transportation preservation and maintenance account pursuant to RCW
29 82.08.020 and 82.12.020 is to lower the overall reliance on debt
30 financing for transportation projects and infrastructure. Beginning
31 December 1, 2023, and each two years thereafter, the state treasurer
32 must prepare a report that shows the impact of this act on the
33 reliance of debt financing for transportation appropriations.

34 (4) Nothing in this section may be construed so as to violate any
35 terms or conditions contained in any highway construction bond issues
36 now or hereafter authorized by statute and whose payment is by such
37 statute pledged to be paid from any excise taxes on fuel."

1 On page 71, line 13, after "account," insert "the transportation
2 preservation and maintenance account,"

3 On page 75, line 5, after "account," insert "the transportation
4 preservation and maintenance account,"

5 On page 120, beginning on line 28, strike all of section 511

6 Renumber the remaining section consecutively and correct any
7 internal references accordingly.

8 On page 121, line 2, after "311," insert "313 through 316,"

9 Correct the title.

EFFECT: Makes the following changes to transportation resources:

(1) Reinstates the motor vehicle fuel tax (MVFT) exemption as it applies to fuel produced in Washington and exported to other states within the United States.

(2) Requires revenue collected for retail sales and use taxes for new and used motor vehicles, excluding revenue collected for retail car rentals, to be deposited in the transportation preservation and maintenance account beginning July 1, 2022.

(3) Creates the transportation preservation and maintenance account in the state treasury and limits expenditures from it to transportation projects, programs, and activities.

(4) Limits the use of revenues collected for retail sales and use taxes on motor vehicles to use on a cash funding basis, prohibiting their use for revenue bond issues or as a source for any other type of debt or similar financing mechanism.

(5) Requires the State Treasurer to prepare a report on the impact to the reliance on debt financing for transportation appropriations of restrictions on the use of this revenue.

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