

## **Non-highway and ORV Fuel Tax Refund Administration**

The Legislature has directed the Joint Transportation Committee to review fuel tax refunds for non-highway or off-road use of gasoline and diesel fuels, and

- Provide an overview of the off-road programs;
- Analyze historical funding and expenditures from the respective treasury accounts;
- Outline and provide process documentation on how the funds are distributed to the treasury accounts; and
- Document future identified off-road, snowmobile and marine funding needs.

A final report is due to the House and Senate Transportation Committees by December 31, 2010.

### **What programs are to be included in the review?**

The proviso lists non-highway fuel tax refunds governed by three statutes to be included in the review: taxes paid on marine fuels, on fuels used for off-road vehicles, and on fuels used by snowmobiles.

#### **1. Chapter 79A.25 RCW – refund of taxes paid on marine fuels.**

- 1% of motor vehicle fuel tax revenue collected annually is presumed to be paid on marine fuels, and is transferred to Marine Fuel Tax Refund account. Individuals can apply for a personal refund of the fuel tax paid on marine fuel.
- After refunds are paid from that 1%, a balance remains. It is divided between two accounts: the equivalent of 22 cents per gallon of marine fuel is transferred to the Recreation Resource Account, and the equivalent of 15.5 cents per gallon of marine fuel is transferred to the motor vehicle account.
- The Recreation Resource Account is administered by Recreation and Conservation Funding Board for the benefit of watercraft recreation.
- In addition, 1 cent per gallon of each marine use refund claim is transferred to the Department of Ecology's Coastal Protection Fund to restore natural resources.

#### **2. Chapter 46.09 RCW -- refund of taxes paid on fuel used for off-road vehicles.**

- No individual refunds. Instead, 1% of fuel tax is presumed to be the fuel tax paid by off-road vehicle users. A portion of that 1% equivalent to 22 cents per gallon of off-road vehicle fuel tax is divided between two accounts:
  - Off Road Vehicle and Non-highway Vehicle Account, for the development and maintenance of non-highway roads and recreation facilities. Administered by DNR, Fish & Wildlife, and State Parks
  - NOVA Account -- Non-highway and Off-Road Vehicle Activities Program Account, for the development and management of ORV, non-motorized and non-highway road recreation facilities. Administered by the Recreation and Conservation Funding Board.
- The balance of the 1% remains in the motor vehicle account.

**3. Chapter 46.10 RCW – refund of taxes paid on fuel used by snowmobiles.**

- No individual refunds. Instead DOL calculates how much fuel is used by snowmobiles (estimated from the number of registered snowmobiles, 135 gallons as the average yearly fuel used), and a fuel tax rate of 22 cents per gallon.
  - This money is transferred to the Snowmobile Account administered by the State Parks and Recreation Commission for snowmobile purposes.
- The balance of the fuel tax on this 135 gallons/year remains in the motor vehicle account.

**STAFF WORKING GROUP**

- Joint Transportation Committee (JTC) – Mary Fleckenstein (786-7312)
- House Transportation Committee (HTC) – Jerry Long (786-7306) and Mark Matteson (786-7145)
- Senate Transportation Committee (STC) – Amanda Cecil (786-7429) and David Ward (786-7341)
- Office of Financial Management (OFM) – Teresa Berntsen (902-0460) and Eric Hansen (902-0423)
- Department of Licensing (DOL) -- Jean Du (902-3641) and Paul Johnson (664-1844)
- Representatives from state agencies that allocate the funds
  - State Parks and Recreation Commission: Susan Kavanaugh (902-8847)
  - Recreation and Conservation Office: Steve McLellan (902-3021)
  - Recreation and Conservation Office: Jim Eychaner (902-3011)
  - Department of Natural Resources (DNR): Heath Packard (902-1015; 790-2672 cell)
  - Department of Ecology (DOE), Coastal Protection Fund: David Byers (407-6974)
  - Department of Fish and Wildlife (F&W): Ann Larson, Leg Liaison (902-2226)
- OPR: Owen Rowe (786-7391) and Susan Howson (786-7142)
- Senate Ways & Means: Maria Hovde (786-7710)
- JLARC is doing a study of recreational boating activities – how they’re funded and organized. They will have a preliminary report in October, final report in December, 2010.

Proviso, SB 6381, Sec 204(4).

*The Joint Transportation Committee (JTC) shall perform a review of the fuel tax refunds for non-highway or off-road use of gasoline and diesel fuels as listed in RCW 46.09.170, 46.10.150, and 79A.25.070. The review must:*

- *Provide an overview of the off-road programs;*
- *Analyze historical funding and expenditures from the respective treasury accounts;*
- *Outline and provide process documentation on how the funds are distributed to the treasury accounts; and*
- *Document future identified off-road, snowmobile and marine funding needs.*

*A report on the JTC review must be presented to the House and Senate Transportation Committees by December 31, 2010.*

**Task 1: Provide an overview of the off-road programs.**

Each of the agencies operating off-road programs funded by these refunds shall provide an overview of their off-road program.

The overview should include a program description, average funds available per year, types of investments funded and whether they're capital or operating, how projects are solicited for consideration, funding criteria, decision-making process to decide which projects get funded.

1. Dept. of Licensing. Overview of marine fuel tax refunds to individuals.
2. Recreation and Conservation Funding Board. Overview of watercraft recreation program and NOVA program.
3. Dept of Ecology. Overview of Coastal Protection Fund Program
4. Dept. of Natural Resources, Fish & Wildlife, State Parks and Recreation. Overview of the Off-Road Vehicle and Non-highway Vehicle Program.
  - a. How do the three agencies work together to administer this program?
5. State Parks and Recreation. Overview of the Snowmobile Program.

**Deliverables due July 21**

**Task 2: Outline and provide process documentation on how the funds are distributed to the treasury accounts**

- Provide a funding distribution flow chart showing how funds are distributed to the treasury accounts (HTC/STC/OFM staff task -- Review charts Jerry Long has already prepared).
  - Marine Fuel Tax Refund Account
  - Recreation Resource Account
  - Off Road Vehicle and Non-highway Vehicle Account
  - NOVA account -- Non-highway and Off-Road Vehicle Activities Program Account
  - Snowmobile Account
  - Motor vehicle Account
- HTC/STC staff to provide current status of motor vehicle account and other transportation accounts in the 16 year plan.

**Deliverable due July 21**

**Task 3: Analyze historical funding and expenditures from the respective treasury accounts.**

- Each agency listed below to provide historical funding and expenditures data over past 10 years, since FY 2000.
- To the extent possible, document unmet needs in those 10 years; to what extent were there worthy projects left unfunded?
- Document increases due to increased cents per gallon refunded as authorized by statute.
  1. Dept. of Licensing. Marine Fuel Tax Refund account
  2. Recreation and Conservation Funding Board. Recreation Resource Account; NOVA account -- Non-highway and Off-Road Vehicle Activities Program Account
  3. DNR, F&W, State Parks. Off Road Vehicle and Non-highway Vehicle Account
  4. State Parks and Recreation Department. Snowmobile Account.

**Deliverables due August 11**

**Task 4: Project revenue for the next 10 years**

- HTC/STC/OFM staff to project revenue in each account under current law for each year through FY 2020. This includes the five accounts receiving refunded amounts, and the motor vehicle account.
- HTC/STC/OFM staff to provide data on the how increasing the amount refunded by a penny would affect the five accounts receiving these refunds, and the motor vehicle account. For example, increasing the refunds from 23 cents in 2011 to 24 cents in 2012 would have what effect on each of the six accounts.

**Deliverable due August 11**

**Task 5: Document future identified off-road, snowmobile and marine funding needs.**

- State agencies and stakeholders
- What qualifies as an identified unmet need?
- What sources exist that already identify these funding needs?
- How to involve stakeholders?

**Deliverables due Sept 1 [Note: Deadline extended]**

**Task 6: Write report, due 12/31/10.**

- Draft report due October 25
- Final draft report due after November transportation revenue forecast

## **PROPOSED PROJECT SCHEDULE**

**June, 2010** – Legislative staff: Finalize project scope of work and schedule for JTC approval by mid-June

### **Meeting 1, Late June, 2010 – Staff work group kick-off**

- Review proviso, and work plan
- Review 2007 JLARC study materials
- Identify who else should be in the staff workgroup
- Make assignments to develop background materials
  
- Discussion: Documenting future identified funding needs, and working with stakeholders
  - Define what qualifies as an identified unmet need
  - Identify stakeholders to be involved.
  - How and when should stakeholders be involved?
    - In providing data
    - In reviewing data
    - In upcoming meetings of the staff work group

### **Meeting 2, mid or late July – Staff work group and stakeholders**

- Review study outline and progress to date
- Ask for stakeholder input on identifying unmet need

### **Meeting 3, Mid August, 2010 – Staff work group**

- Review completed materials from tasks 1-4.

### **Meeting 4, Late September 2010 – Staff workgroup and stakeholders**

- Review completed materials from tasks 1-4
- Discuss proposed list of future identified off-road, snowmobile and marine-funding needs

### **Meeting 5, late-October – Staff and stakeholders**

- Meeting to review draft report and take input from stakeholders

### **December 1**

- Present draft final report (updated with revenue forecast) to the Joint Transportation Committee

### **December 15**

- Complete final report in advance of the December 31, 2010 due date, and send to House/Senate Transportation Committees.

PROPOSED SCHEDULE						
<u>Sunday</u>	<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>	<u>Saturday</u>
		<b>June 1</b>	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23 JTC meeting	24	25	26
27	28 Mtg 1 – Staff workgroup	29	30	<b>July 1</b>	2	3
4	5 HOLIDAY	6	7	8	9	10
11	12 First meeting with staff workgroup and stakeholders?	13	14	15 JTC meeting	16	17
18	19	20	21 Tasks 1&2 due	22	23	24
25	26	27	28	29	30	31
		First meeting with staff workgroup and stakeholders?				
<b>Aug 1</b>	2	3	4	5	6	7
8	9	10	11 Tasks 3&4 due	12 Mtg 3 with staff workgroup	13	14
15	16	17	18	19	20	21
22	23	24	26	27	27	28
29	30	31	<b>Sept 1</b> Task 5 due from agencies & stakeholders	2	3	4

PROPOSED SCHEDULE						
<u>Sunday</u>	<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>	<u>Saturday</u>
5	6 HOLIDAY	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	<b>Oct 1</b>	2
Mtg 4 – Staff workgroup and stakeholders						
3	4	5	6	7	8	9
10	11	12 JTC meeting	13	14	15	16
17	18	19	20	21	22	23
24	25 Draft report due	26	27	28	29	30
31	<b>Nov 1</b>	2	3	4	5	6
7	8	9	10	11	12	13
		JTC meeting in Spokane				
14	15	16	17	18 Revenue forecast	19	20
21	22	23	24	25 THANKS- GIVING	26	27
28	29	30	<b>Dec 1</b> JTC mtg	2	3	4
		Present report to JTC				
5	6	7	8	9	10	11

<b>PROPOSED SCHEDULE</b>						
<b><u>Sunday</u></b>	<b><u>Monday</u></b>	<b><u>Tuesday</u></b>	<b><u>Wednesday</u></b>	<b><u>Thursday</u></b>	<b><u>Friday</u></b>	<b><u>Saturday</u></b>
12	13	14	15	16	17	18
				Finalize and send report to H/S Transportation Committees		
19	20	21	22	23	24	25
26	27	28	29	30	31	