

**Joint Transportation Committee**

***Review of Fuel Tax Refunds for Non-highway  
or Off-road use of Gasoline and Diesel Fuel***

7/1/10

## **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 each of the off-road programs (NOVA, ORV, Marine and Snowmobiles);
- 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.

*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 non-highway, ORV and marine recreation programs.**

Each of the agencies operating non-highway, ORV and/or marine recreation programs funded by these refunds shall provide an overview of their programs. The agencies should work with their respective stakeholder groups for input and document review.

The overview should include a program description, 2007-09 biennium revenue and expenditures, 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. For each of the programs, a pie chart should be included, showing all funding for a program and all expenditures by administrative, maintenance and capital to alert readers that there is other revenue and expenditures funded from sources other than these transportation refunds.

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.
5. State Parks and Recreation. Overview of the Snowmobile Program.

**Deliverables due July 21, 2010**

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

- Provide a funding distribution flow chart using the authorizing statutes showing how funds are distributed to the treasury accounts (HTC/STC/OFM staff task).
  - 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.

\* Show both statutory and actual distributions, which for two programs appear to be different due to different interpretations of the statute.

**Deliverable due July 21, 2010**

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

- Each agency listed below to provide historical funding and expenditures data over the past 10 fiscal years since FY 2000.
  - Expenditures should be broken out by maintenance and capital
  - 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.
  - Please provide any bullet points for additional information that you feel would be informative to the readers of the study.
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, 2010**

**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, 2010**

**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?
- Please provide any bullet points for additional information that you feel would be informative to the readers of the study.
- How to involve stakeholders?

**Deliverables due Sept 24, 2010**

**Task 6: Write Draft Report**

- Draft report due October 27, 2010 and update the revenue data from the November 2010 Transportation Revenue Forecast that will be adopted on November 18, 2010.

**Deliverables due October 27, 2010**

**Task 7: Present Draft Report to the Joint Transportation Committee**

- Present draft report to the Joint Transportation Committee on December 1, 2010, which will include the updated revenue data from the November 2010 Transportation Revenue Forecast that will be adopted on November 18, 2010.

**Deliverables due December 1, 2010**

**Task 8: Distribute Final Report**

- Finalize draft report which will include a table of contents, executive summary, and a section for each task, one through five. Any large data files for example, project lists will be included an appendix and referred to in the body of the section referencing the data.

**Deliverables due December 15, 2010**

## **PROPOSED PROJECT SCHEDULE**

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

### **Meeting 1, June 28, 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, August 5, 2010 – Staff work group and stakeholders**

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

### **Meeting 3, mid-October , 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 4, mid- November, 2010 – Staff workgroup and stakeholders**

- Review draft report

### **December 1, 2010**

- Present draft final report (updated with November 2010 transportation revenue forecast) to the Joint Transportation Committee

### **December 15, 2010**

- Complete final report in advance of the December 31, 2010 due date, and send to House and 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>
		June 1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	Meeting 1 – Staff workgroup kick-off	29	30	July 1	2	3
4	5 HOLIDAY	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21 Tasks 1&2 due	22	23	24
25	26	27	28	29	30	31
Aug 1	2	3	4	5 Meeting 2 with staff workgroup and stakeholders	6	7
8	9	10	11 Tasks 3&4 due	12	13	14
15	16	17	18	19	20	21
22	23	24	26	27	27	28

29	30	31	<b>Sept 1</b>	2	3	4
5	6 HOLIDAY	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24 Task 5 due from agencies & stakeholders	25
26	27	28	29	30	<b>Oct 1</b>	2
3	4	5	6	7	8	9
10	11	12	13 Tentative Meeting 3 – Staff workgroup and stakeholders	14	15	16
17	18	19	20	21	22	23
24	25	26	27 Draft report due	28	29	30
31	<b>Nov 1</b>	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17 Tentative Meeting 4 – Staff and stakeholders	18 Revenue forecast	19	20

21	22	23	24	25 THANKS- GIVING	26	27
28	29	30	<b>Dec 1</b> Present the draft report to JTC	2	3	4
5	6	7	8	9	10	11
12	13	14	15 Finalize and send report to House/Senate	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	