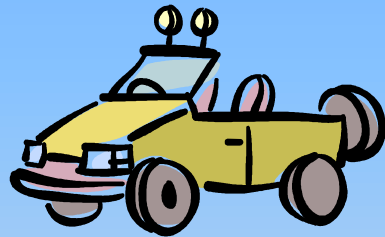


Joint Transportation Committee



Review of Fuel Tax Refunds for Nonhighway and Off-road Use of Gasoline and Diesel Fuel

Mary Fleckenstein, Joint Transportation Committee

Jerry Long, House Transportation Committee

December 8, 2010

ESSB 6381 Proviso

The 2010 transportation budget directed JTC to review fuel tax refunds for nonhighway or off-road use of gasoline and diesel fuels as listed in RCW 46.09.170, 46.10.150, and 79A.25.070.

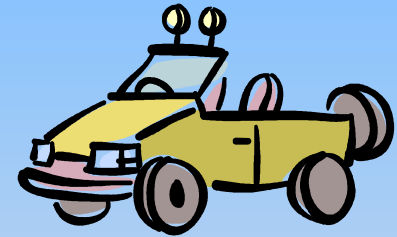
The review must:

- 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.

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

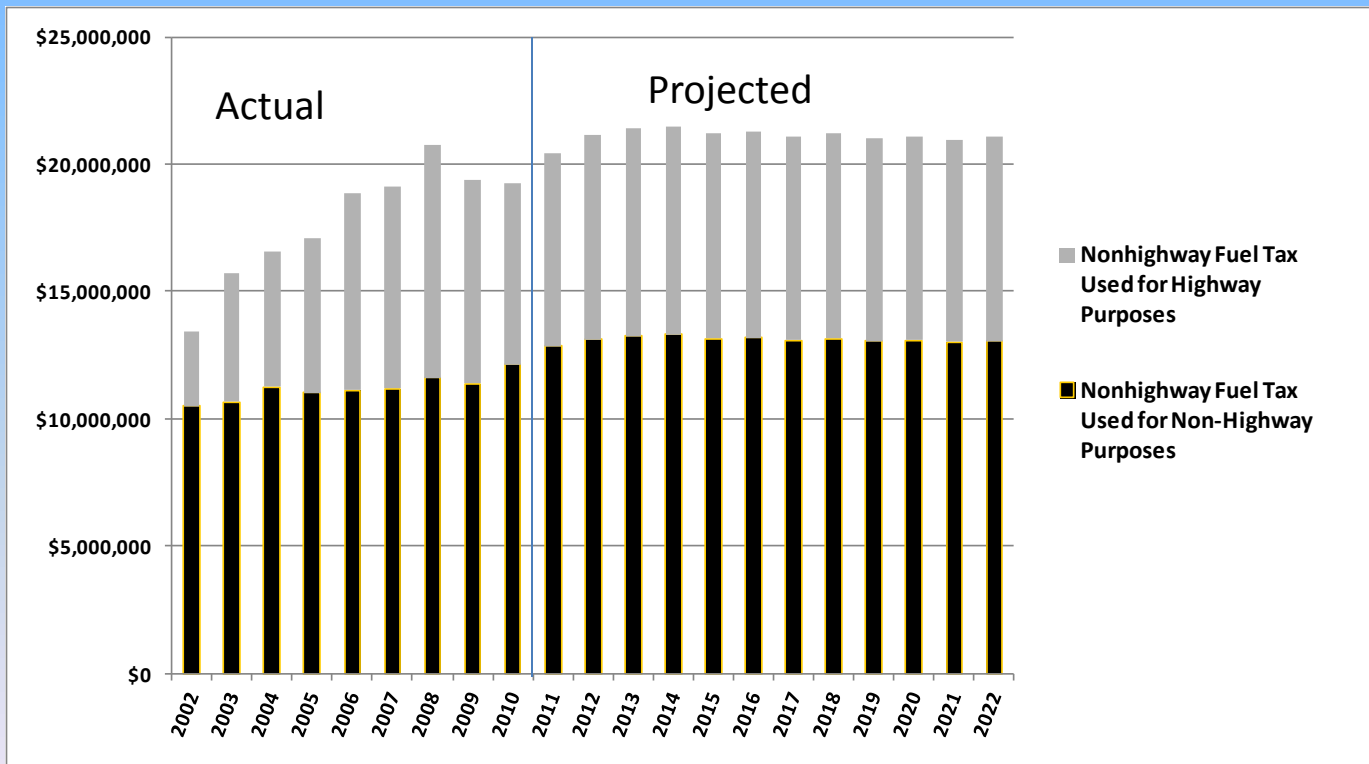
Nonhighway and ORV fuel tax refunds

- Marine fuel tax refunds
- Off-road vehicle fuel tax refunds
- Snowmobile fuel tax refunds



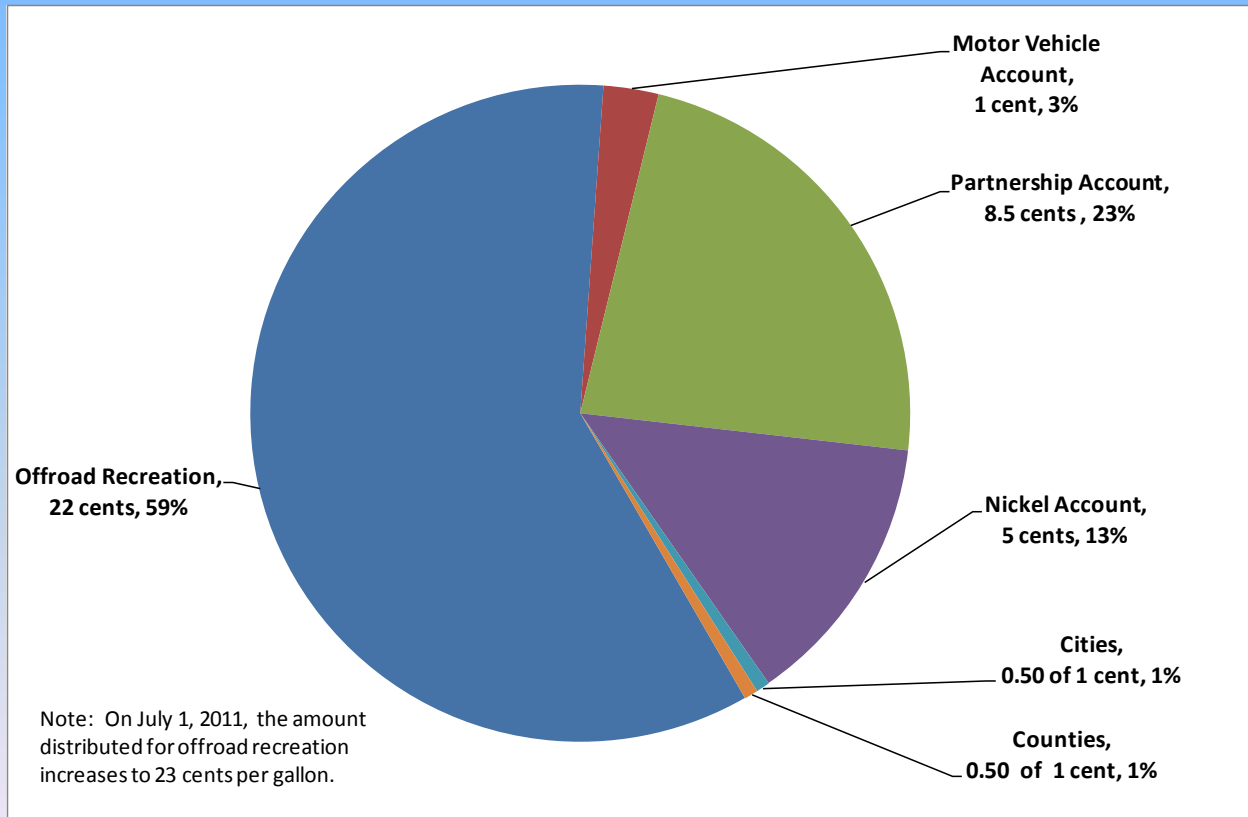
Nonhighway fuel taxes: Nonhighway uses vs. highway uses

In 2010, 22 cents is used for nonhighway purposes, valued at \$12.1 million, and 15.5 cents is used for highway purposes, valued at \$8.6 million.



What does the 15.5 cents used for highway purposes buy?

Nickel projects, Transportation Partnership projects, city and county transportation needs, and other transportation investments



What if refunds were increased in 2011-13?

If the Legislature increased refunds to the recreation accounts up to the full 37.5 cent gas tax for the 2011-13 biennium, these accounts would gain \$16.6 million in 2011-13, and \$82.9 million over the next 10 years. This revenue would come out of the transportation accounts. Without a corresponding increase in transportation revenues, transportation spending would drop by the same amount.

Distributions Based on the November 2010 Transportation Revenue Forecast
(Dollars in Thousands)

**CURRENT
LAW**

<u>Existing 23 Cents (as of 7/1/11)</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	<u>Total</u>
Marine Refund Account	\$12,397	\$12,427	\$12,293	\$12,225	\$12,159	\$61,501
Outdoor Recreation Account	\$12,044	\$12,072	\$11,936	\$11,866	\$11,797	\$59,715
Snowmobile Account	\$1,945	\$1,994	\$2,044	\$2,094	\$2,139	\$10,216
Total	\$26,386	\$26,493	\$26,273	\$26,185	\$26,095	\$131,432

**A REFUND
INCREASE
SCENARIO**

<u>Increase for the Off-Road Accounts</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	<u>Total</u>
1 Cent Increase	\$1,147	\$1,152	\$1,142	\$1,138	\$1,135	\$5,714
5 Cent Increase	\$5,736	\$5,759	\$5,712	\$5,692	\$5,673	\$28,572
14.5 Cent Increase	\$16,635	\$16,702	\$16,563	\$16,508	\$16,451	\$82,859

Is there need for more boating facilities grants?

- Yes.
- This report illustrates past unmet need and future need.
- Examples of future need:
 - \$30 million in state parks for maintenance, buoys, piers, and pump-out stations
 - \$16 million at Fish and Wildlife areas for boat ramps, toilet replacements, gates
 - Ports, cities and counties also report need

ORV fuel tax refunds

- **Recreation and Conservation Office -- 58.5% for NOVA grants**

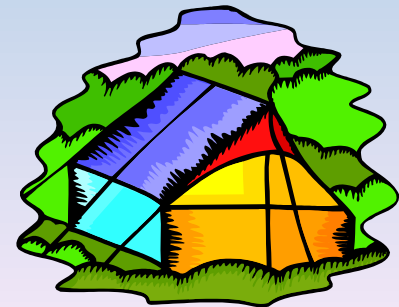
- 30% for education and enforcement
- 70% for NOVA recreation grants, including
 - ORV facilities (at least 30%)
 - Non-motorized recreation (at least 30%)
 - Non-highway recreational facilities (at least 30%)



- **Department of Natural Resources -- 36% for their recreation program -- 111 recreation facilities and 828 miles of trails**

- **Fish and Wildlife – 3.5% to fund road and parking lot maintenance at 650 recreation sites**

- **State Parks – 2.0% to fund the Riverside ORV Area in Spokane**



Is there need for more ORV-funded recreation facilities?

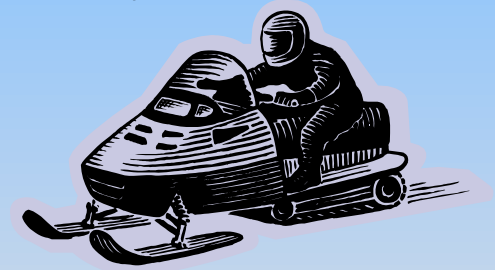
- Yes.
- This report illustrates past unmet need and future need.
- Examples of future need
 - \$142 million in DNR trail and facility restoration and renovation, and new recreation areas to meet demand
 - 300 projects identified by Back Country Horsemen such as road and trail improvements, parking lot, bridge and fence construction
 - Four-wheel drive community identified recreation needs in 15 counties



Snowmobile fuel tax refunds

State Parks Snowmobile Program

- Fuel tax refunds fund 47% of the budget (2007-09); snowmobile registrations funding the other 53%
- The program funds
 - Snowmobile trail grooming
 - Fixed costs, such as sanitation, law enforcement, snow removal, equipment, administration



Is there a need for more funding for snowmobile recreation?

- Yes.
- This report illustrates past unmet need and future need.
- State Parks identified examples of future need totaling nearly \$12 million in the next five biennia
 - Trail grooming (\$8.8 million)
 - Replace snow groomers and other equipment (\$1.6 million)
 - Education and enforcement (\$315,000)
 - Upgrade sno-park staging areas (\$188,000)



Conclusion

Nonhighway and off-road fuel tax revenues

- There is evidence of past unmet recreation need, and significant evidence of future need.
- All the nonhighway and off-road fuel tax revenue is currently being spent – on highway and nonhighway purposes.
- A shift of existing revenue from transportation accounts to the recreation accounts would reduce transportation spending and increase recreation spending.

Broad involvement by agencies and stakeholders

State and Federal Agencies

- Ecology, Fish and Wildlife, Governor's Office, Dept. of Natural Resources, OFM, Recreation and Conservation Office, State Parks, WSDOT, US Coast Guard, and US Forest Service

Local Governments

- Ports, Cities, Counties

Stakeholders

- Back Country Horsemen, Pacific NW Four Wheel Drive Association, NW Marine Trade Association, Recreational Boating Association of Washington, Evergreen Mountain Bike Alliance, Washington Trails Association, Washington State Snowmobile Association, Washington Off-highway Vehicle Association

Questions

