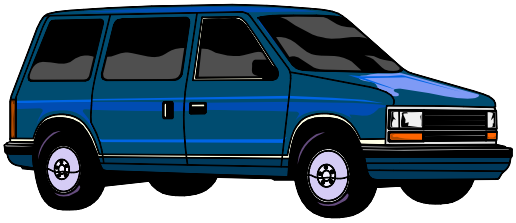
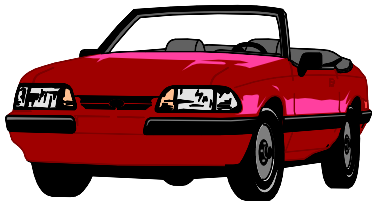
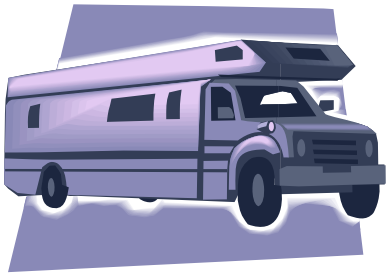
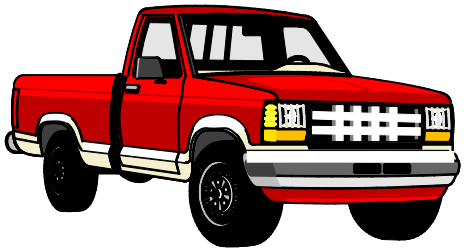
# MOTOR VEHICLE EXCISE TAX STUDY

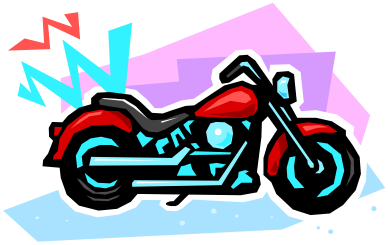
## Final Report

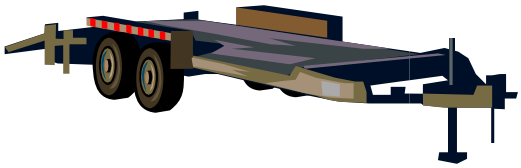












**Joint Transportation Committee**

**January 6, 2006**

# 2005-07 Transportation Budget
# Chapter 313, Laws of 2005 (ESSB 6091)

Proviso within section 205:

(2) The joint transportation committee shall conduct a study regarding the feasibility of a statewide uniform motor vehicle excise tax (MVET) depreciation schedule. In addition to committee members, the participants in the study must include at a minimum the following individuals: (a) A representative of a regional transit authority (Sound Transit); (b) a representative of a regional transportation planning organization; (c) the secretary of transportation, or his or her designee; (d) a representative of the attorney general's office; (e) a representative of the department of licensing; and (f) a representative of the financial community. **The purpose of the study is to develop an MVET depreciation schedule that more accurately reflects vehicle value but does not hinder outstanding contractual obligations.**

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# Executive Summary

Background

In 1937, the Legislature enacted the motor vehicle excise tax (MVET) and exempted motor vehicles from the property tax. The tax was enacted in reaction to inconsistent property tax treatment at the local level and pervasive tax avoidance. Since excise taxes are based on the performance of some activity or non-essential good, the MVET is levied for the privilege of using a motor vehicle on state highways. Originally authorized as a replacement for the property tax, MVET revenues were dedicated to K-12 education and other general government purposes.

The tax was first used for transportation purposes in 1971. In an effort to simplify the tax in 1990, multiple, somewhat market based vehicle valuation and depreciation schedules were eliminated and the tax was instead applied to the valuation base known as Manufacturer's Suggested Retail Price (MSRP). This value is then depreciated over a period of 13 years to a level of 10% annually. In 1998, the voters passed Referendum 49 providing additional MVET funding for transportation. However, in 1999, voters passed Initiative 695 eliminating the motor vehicle excise tax and replacing the MVET with a $30 base registration fee. A subsequent court decision invalidated the effects of I-695. However, in 2000 the Legislature passed SB 6865 enacting I-695's provisions including the $30 basic registration fee.

The depreciation schedules in statute were also repealed by SB 6865, but are still being used by two entities: the Seattle Popular Monorail Authority and Sound Transit. The MVET revenues collected by the two jurisdictions are pledged to debtholders. The Monorail could have enacted an MVET of up to 2.5%, but sought and received approval from voters for a 1.4% excise tax levy. Collection of the tax began in June 2003 and was set at .85% for the initial planning year. The full 1.4% rate began being assessed on vehicles with renewal dates of June 1, 2004 and later. In the November 2005 general election voters decided to terminate the Monorail project, yet the tax will continue to be collected until the existing debt is paid off. Sound Transit had authority to levy an MVET at the rate of .8%, but sought and received approval from voters to levy the MVET at a rate of .3%, which took effect April 1, 1997.

The motor vehicle excise tax is considered a stable revenue source with built in growth since the tax is computed based on the generally increasing MSRP valuation. This growth is compounded with a stable upward trend in the number of vehicles registered annually. In the past, the state level forecast MVET growth was estimated to increase 5.5% per year. Sound Transit is forecasting long-term growth of their MVET collections at 3% per year whereas the Monorail was estimating near-term growth of 4.4% per year rising to 6.4% after 2010.

Study Authorization

Chapter laws of 2005, Chapter 313, Section 205(2) directed the Joint Transportation Committee to study the feasibility of developing a uniform, statewide MVET depreciation schedule that more accurately reflects vehicle value but does not hinder outstanding contractual obligations.

Study Observations

The majority of the MVET revenue base is derived from passenger vehicles and light trucks. Even though there are other vehicles subject to the tax, revenue neutrality efforts will need to concentrate on the passenger vehicle and light truck base to make a difference.

The classes of vehicles subject to the Monorail tax and the Sound Transit tax are different. For example, Sound Transit taxes vehicles over 6,000 pounds as well as new vehicles. The Monorail is not authorized to tax either of these use classes.

In reviewing the rate of depreciation by manufacturer, not all vehicles depreciate uniformly. Using a standard, 'one size fits all' depreciation schedule will always find some vehicles being under valued while other vehicles will be over valued. The only valuation method that would accurately value individual vehicles would be to appraise each vehicle at the time of the vehicle's annual registration renewal.

Of the eleven options identified by the study group for consideration, data was available to model seven. Six of the seven options modeled resulted in a lower taxable base for all jurisdictions. One option called the flat rate option was modeled at revenue neutrality but is limited in terms of revenue growth as it only captures growth in the number of vehicles, and does not capture any of the increase in the vehicle values. It is important to note too that federal tax law allows for a deduction of a MVET when the tax is value based. The flat rate option is not necessarily tied to vehicle valuation and would likely not meet the federal test for deductibility. The remaining four options were not modeled due to data or time constraints. The alternatives that were modeled include:

1. MSRP (passenger vehicles) or Purchase Price (commercial vehicles) depreciated at ten percent annually through year ten;
2. MSRP (passenger vehicles) or Purchase Price (commercial vehicles) depreciated at average market rate for use class;
3. MSRP (passenger vehicles) or Purchase Price (commercial vehicles) depreciated at average market rate for vehicle make;
4. 85% of MSRP (passenger vehicles) or 85% of Purchase Price (commercial vehicles) depreciated using current depreciation schedules;
5. 85% of MSRP (passenger vehicles) or Purchase Price (commercial vehicles) depreciated at average market rate for use class;
6. Average retail value by vehicle make/model or, a series of representative depreciation schedules by use class;
7. Flat tax based on year of service.

To achieve the revenue neutrality mandate of the study's authorizing proviso, most of the modeled options, would need to be changed in one or more of the following ways:

- The MVET rate would need to be increased;
- The thirteen year depreciation schedule would need to be changed;
- The tax base would need to be broadened ; or,
- The valuation method would need to be changed (presumably, to something less equitable than the current MVET structure).

In the case of both the Monorail and Sound Transit, the public has voted on propositions authorizing a specific rate of taxation. This has raised a number of legal issues concerning changes to local, voter approved taxing authorities. The legal section of this document contains a discussion of the legal issues that have been raised during the course of the study.

Alternatives Most Closely Aligned with Study Intent

The two objectives of the study; developing a uniform, statewide depreciation schedule that both maintains revenue neutrality and more accurately reflects vehicle value were found to be mutually exclusive. Of the alternatives modeled, alternatives five and six most closely align with the goal of more accurately reflecting vehicle value by employing average market depreciation rates by use class and average depreciation by vehicle make respectively.

An element not directly addressed by the proviso language but considered as part of the study was implementation and administrative costs associated with any changes. Absent an actual piece of legislation, it is difficult to accurately estimate administrative costs. However, the Department of Licensing was able to provide a range of estimates for the various alternatives. That said, alternative five falls into the lowest cost category as the method for valuing and depreciating vehicles is not radically different from current practice. Alternative six falls into the highest cost category for precisely the opposite reasons. Deriving average value by make/model in the month of renewal would require development of significant, new information technology infrastructure and ongoing operational support.

Lastly, the study group would encourage the Joint Transportation Committee (JTC) to consider foregoing the revenue neutrality requirement as only two jurisdictions are currently levying an MVET and the legal and/or cost ramifications of enforcing revenue neutrality are substantial. Were the JTC to act upon this study, the JTC might instead consider creation of a uniform, statewide valuation and depreciation methodology that would apply to the future levying of an MVET by those jurisdictions with statutory authority to impose an MVET.

# Section 2
# MVET Background and Current Depreciation Schedules

# Motor Vehicle Excise Tax (MVET) Background

MVET Process

Currently, the motor vehicle excise tax is based on a percentage of depreciation from an initial vehicle value times a rate of taxation. Prior to 2000 the state levied an MVET of 2.2%. Two entities that still collect a motor vehicle excise tax are the Monorail at 1.4% and Sound Transit at .3%. These taxes are paid at the time of registration and/or renewal.

Current Methods to Determine Value

Table 1

Passenger vehicles, motorcycles, light duty trucks weighing less than 6,001 pounds and small trailers are depreciated using what is known as depreciation curve 1. A depreciated percentage of the Manufacturer's Suggested Retail Price (MSRP) is calculated each year until the depreciation rate bottoms-out at 10% in year 13.

Table 2

Vehicles licensed for commercial or log use and trucks with a scale weight of 6,001 pounds or more, base values are reset using the last price paid for the vehicle and depreciated annually using what is known as depreciation curve 2 (a faster depreciation curve than curve 1) Again, the vehicle is depreciated annually until the depreciation rate bottoms-out at 10% in year 13 of the last recorded purchase. However, if and when the vehicle is resold, the depreciation curve is reset at year one.

Other Methods to Determine Value

- Start with MSRP and then apply a different fixed or market depreciation each year.
- Start with a reduced MSRP to reflect market discounts and then apply a depreciation strategy each year.
- Reassess the classes of vehicles each year for their value.
- Base the value of a vehicle on the last selling price and depreciate them from that 'new' base figure.

Methods to Depreciate Vehicles

- Straight line per or percentage per year.
- Value guides or market value.

# Motor Vehicle Excise Tax Tables

Taxable value is based on vehicles age (year of service) and a base value established by the vehicle Manufacture's Suggested Retail Price (MSRP) for passenger vehicles, motorcycles, light-duty trucks (Scale weight of 6,000 pounds or less) and small trailers.

For passenger vehicles, motorcycles, light duty trucks and small trailers:
Take the vehicle's MSRP, find the Year of Service (current calendar year – model year + 1 year = year of service) in this chart, and apply the corresponding percentage.

Depreciation Curve 1

| Year of Service | Percentage |
|---|---|
| 1 | 100% |
| 2 | 95% |
| 3 | 89% |
| 4 | 83% |
| 5 | 74% |
| 6 | 65% |
| 7 | 57% |
| 8 | 48% |
| 9 | 40% |
| 10 | 31% |
| 11 | 22% |
| 12 | 14% |
| 13 or older | 10% |

Depreciation Curve 2

| Year of Service | Percentage |
|---|---|
| 1 | 100% |
| 2 | 90% |
| 3 | 83% |
| 4 | 75% |
| 5 | 67% |
| 6 | 59% |
| 7 | 52% |
| 8 | 44% |
| 9 | 36% |
| 10 | 28% |
| 11 | 21% |
| 12 | 13% |
| 13 or older | 10% |

Vehicles licensed for commercial or log use and trucks with a scale weight of 6,001 pounds or more:

Take the vehicles last purchase price and purchase year, find the Year of Service (current calendar year – model year + 1 year = Year of Service) in this chart and apply the corresponding percentage.

## Monorail and Sound Transit Vehicles

| Type of Vehicle | Monorail Tax | RTA/Sound Transit Excise Tax |
|---|---|---|
| Passenger Cars | X | X |
| Light Trucks (less than 6,001 scale or empty weight) | X | X |
| Heavy-duty Trucks | X | |
| Personal Use Trailers | X | X |
| Commercial Trailers | X | |
| Taxicabs | X | X |
| Motorcycles | X | X |
| Farm Vehicles | X | |
| Fixed Load Vehicles | X | |
| For Hire Vehicles | X | X |
| Motor Homes | X | X |
| Antique Vehicles – Only upon original registration | X | |
| Stage | X | |
| Stage Use Vehicles (no gross weight or less than 6,001 scale weight and purchasing gross weight license) | | X |
| Tow Trucks | X | |
| Antique Vehicles under 6,000 lbs. – Only upon original registration | | X |
| Combination Use Vehicle less than 6,000 lbs. | | X |
| Campers | | X |
| Fixed Load (less than 6,001 scale or empty eight) | | X |
| For Hire Vehicles (no gross weight or less than 6,001 scale weight and purchasing gross weight license) | | X |
| Log Use Vehicle (less than 6,001 scale weight and purchasing gross weight license) | | X |
| Mobile Homes, travel trailers, Converter Gear, House Dollies, Off Road Vehicles, combination use of more than 6,000 pounds, Mopeds, Private School Buses, Snowmobiles, Washington Government Vehicles, Farm Exempt Vehicles, Stage Use Vehicles, Log Use Trailers and Federal Vehicles. | Not Taxed | Not Taxed |

# Section 3
# Descriptive Statistics on Washington Fleet

Washington's Vehicle Fleet

Washington's vehicle fleet numbers about 6.1 million vehicles of which 83 percent are passenger cars and light trucks. The value of the fleet under the pre-Initiative 695 MVET valuation schedules is about $58 billion. The median model year of passenger cars is 1997 and 1994 for light trucks. The average MVET value for passenger cars is $10,453 and for light trucks is $8,329. Passenger cars make up 63.8 percent of the fleet and light trucks 19.4 percent. The market value of the fleet is about $51 billion. This is approximately 89% of the MVET value. See Table 5-1.

These statistics were calculated from a data base pulled at the beginning of July 2005 from the Department of Licensing's data base of active vehicles with license expiration dates after June 30, 2005. Since vehicles are generally licensed for a 12 month period this data set represents the vehicles that registered in Washington over the 12 months preceding June 30, 2005. The original data set contains 6.5 million records. Some of these records represent vehicles that are not subject to the MVET such as off road, snowmobiles, and heavy trailers used in combination with heavy trucks. Excluding these records nets the 6.1 million vehicles on which the following analysis was done.

Reconciling RTA and Monorail Statistics

The RTA (Regional Transit Authority for Pierce, King, and Snohomish Counties) and Monorail (Seattle Popular Monorail Authority) impose a MVET to finance some or all of their activities. This analysis requires the calculation of statistics for these districts as well as statewide numbers.

The data base used for analysis in this study is a snapshot of the DOL data taken at the beginning of July 2005. However, the underlying DOL data base is dynamic and changes daily as various vehicle transactions occur. The July 2005 data snapshot contains information on each vehicle as of the date the data was pulled from the underlying dynamic DOL data base.

The data set contains data elements that indicate whether a vehicle has paid the RTA tax or the Monorail tax. However, if a vehicle pays RTA or Monorail tax and later leaves the district, e.g. the car sells to someone living in Yakima, then, when the registration is transferred, the RTA or Monorail indicator is reset. The indicator flag is turned off because the vehicle is in Yakima and will not need to pay RTA or Monorail tax at the time of next registration. So, counting the vehicles in the RTA or Monorail district using the RTA or Monorail indicator flag will result in an understatement of the number of vehicles that pay RTA or Monorail tax over an annual period.

The understatement is approximately 10 percent (see the Table 1 in Appendix A for the calculation.) The table shows the relationship between the number of vehicles expected to pay RTA or Monorail tax from a data set pulled in July of 2004, number of vehicles with RTA or Monorail tax paid indicators in the July 2005 data set, and the number of vehicles that actually paid RTA or Monorail tax in FY 2005.

In the analysis that follows the number of vehicles in the RTA and Monorail districts is adjusted upward (by weighting the data set) to match the number of vehicles that actually paid RTA and Monorail tax in FY 2005.

Characteristics of the RTA and Monorail Fleets

Tables 5-2 and 5-3 show the characteristics of the RTA and Monorail vehicle fleets. The median vehicle in the RTA fleet is slightly newer and more valuable than the median vehicle in the Monorail or statewide fleet. The RTA and Monorail fleets have a higher proportion of passenger cars (74.5 percent for RTA and 79.6 percent for Monorail compared to 63.8 percent statewide) and fewer light trucks (14.3 percent for RTA and 10.9 percent for Monorail compared to 19.4 percent statewide) than does the statewide fleet. Charts 5-1 and 5-2 compare the frequency distribution of vehicles by model year and MVET value for the RTA, Monorail, and statewide fleets.

Determining Market Value of Vehicles

The market value of vehicles in Washington's fleet was determined by one of two methods. Cars, light trucks, and motorcycles were matched by model year, make, and model to a data base of used, retail vehicle values localized for the western region of the United States. The value of medium and heavy trucks, motor homes, and utility trailers were estimated using market values of used vehicles published in value guides. See Table 5-4 for a summary of the methods used to estimate market value by vehicle use class. See Appendix A for a more detailed explanation of the process of valuing the vehicles in the fleet.

Passenger Car and Light Truck Depreciation Curves

Chart 5-3 compares the current MVET depreciation schedule to the market depreciation for all cars and light trucks. The MVET depreciation allowance is expressed as a percentage of the vehicle's original MSRP. For purposes of the chart the market depreciation is also measured as a percentage of the vehicle's original MSRP. The MVET depreciation schedule is above the market depreciation schedule until service year ten. After service year ten the MVET depreciation schedule is below the market value.

Chart 5-3 is the average for all passenger cars and light trucks in Washington's fleet. The market depreciation curves vary by make of vehicle. See Appendix A for similar depreciation curve comparisons for some major vehicle makes.

Motorcycle Depreciation Curves

Chart 5-4 shows the MVET depreciation schedule for motorcycles compared to the market depreciation schedule. The MVET depreciation is curve is above the market depreciation curve until year five. After year five the MVET depreciation is below market. The depreciation curves for the major makes of motorcycle are shown in Appendix A. Harley Davidson motorcycles depreciation at a significantly lower rate than other makes. Since Harley Davidson motorcycles make up about 23 percent of the motorcycle fleet, the average depreciation curve for all motorcycles is heavily influence by the depreciation rate for Harley Davidson's.

Heavy and Medium Trucks

The MVET base for heavy and medium trucks is calculated from the most recent purchase price of the vehicle. The number of years of service on the MVET depreciation schedule is calculated from the most recent purchase date of the vehicle. Market depreciation curve for medium and heavy trucks were calculated from pooled value data taken from the Truck Blue Book (PRIMEDIA) and the National Automobile Dealer's Association's (NADA) Commercial Truck Guide (See Appendix A for a more detailed explanation.)

Chart 5-5 shows market depreciation from MSRP compared to the MVET depreciation. Market depreciation is below the MVET schedule for all years of service. The data from the value guides is limited so the market value estimation technique interpolated the depreciation for years of service after eight years from the pattern of depreciation up to years of service eight. The chart should be interpreted cautiously for years of service more than eight years. Most heavy and medium trucks, about 80 percent, in Washington's fleet have eight or fewer years of service.

Motor Homes

The market value of motor homes was assigned using an equation estimated from the market value of a sample of motor homes. The market values were taken from the NADA value guide for recreational vehicles. The sample of motor homes used typical motor homes in the Washington fleet. The sample included motor homes powered by gas and diesel and motor homes over $150,000 in value. Chart 5-6 shows the relationship between market depreciation and MVET depreciation for motor homes.

Utility Trailers

The Washington fleet has nearly 500,000 utility trailers. The MVET value of these trailers is less than one percent of the total fleet value. Estimating market values of utility trailers is difficult. The DOL data provides information on the make, MSRP, and age. However, there are nearly 14,000 different 'makes' in the data set. The largest single make is home made. The largest other category is boat trailers. Market values are not readily available for this wide variety of trailers. However, market values are available from N.A.D.A. for boat trailers. The market depreciation rates for boat trailers were used as a proxy for determining the market depreciation for all utility trailers in the Washington fleet. Chart 5-7 shows a slower rate of market depreciation than MVET depreciation.

# Section 4
# Alternatives Matrix

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| **Alternative 1**<br>• **MSRP applied to current depreciation curve 1 vehicles.**<br>• **Purchase Price applied to current depreciation curve 2 vehicles.**<br>• **Depreciated at 10% annually.**<br><br>***Estimated Costs:***<br>• Low information systems impact.<br>• Implementation costs less than $50,000.<br><br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .37%<br>• Monorail: From 1.4% to 1.77% | • Independent data sources readily available.<br>• More complete data currently available than other valuation approaches.<br>• Consistency in administration.<br>• Currently use MSRP for base valuations.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Does not require annual revaluation.<br>• Predictable. Tax receipts typically grow as fleet age turns over and vehicle values increase.<br>• Federal tax deduction currently available. | • Current, initial valuation perceived as too high and subsequent rate of depreciation perceived as too slow.<br>• Revenue impact for accelerated rate of depreciation.<br>• New vehicles not often sold at MSRP (incentives, discounts, rebates often overstate value; options, dealer adds, delivery charges often understate value).<br>• Does not rely on ongoing revaluation data and therefore may be perceived as less equitable methodology.<br>• Change in base value or depreciation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail. |
| **Alternative 2**<br>• **MSRP applied to current depreciation curve 1 vehicles.**<br>• **Depreciated using combined passenger vehicle/light truck market depreciation curve.**<br>• **Purchase Price applied to current depreciation curve 2 vehicles.**<br>• **Large and Medium Truck depreciation (curve 2) based on market depreciation curve**<br><br>***Estimated Costs:*** | • Independent data sources readily available.<br>• More complete data currently available than other valuation approaches.<br>• Consistency in administration.<br>• Currently use MSRP and purchase price.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Does not require annual revaluation.<br>• Predictable. Tax receipts typically | • Current, initial valuation perceived as too high and subsequent rate of depreciation perceived as too slow.<br>• Revenue impact for lowered value of taxable base.<br>• Does not rely on ongoing revaluation data and therefore may be perceived as less equitable methodology.<br>• Change in depreciation methodology may necessitate a change in the tax rates currently |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| • Low information systems impact<br>• Implementation costs less than $50,000<br><br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .35%<br>• Monorail: From 1.4% to 1.64% | grow as fleet age turns over and vehicle values increase.<br>• Federal tax deduction currently available. | levied by Sound Transit and Monorail. |
| **Alternative 3**<br>• **MSRP applied to current depreciation curve 1 vehicles.**<br>• **Purchase Price applied to current depreciation curve 2 vehicles.**<br>• **Market depreciation curve unique to vehicle makes.**<br>Assumptions:<br>• Requires review of values on an annual basis to adjust depreciated value.<br>• Similar to pre-1990 MVET methodology employing multiple depreciation schedules. Would include many of the same challenges.<br>• Unique depreciation schedule for each make or, combined into a lesser number if representative depreciation schedules by use class.<br>• Change to vehicle quality ratings over time could lead to fluctuating values (up if vehicle is moved to a slower depreciation schedule, down if vehicle is moved to a faster depreciation schedule). | • Independent data sources readily available.<br>• More complete data currently available than other valuation approaches.<br>• Consistency in administration.<br>• Currently use MSRP and purchase price.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Does not require annual revaluation.<br>• Depending on valuation methodology, independent data sources may be readily available (NMR).<br>• May be perceived as more accurate or fair depreciation methodology<br>• Creates perception of “true” value of each vehicle.<br>• Federal tax deduction currently available. | • Current, initial valuation perceived as too high.<br>• New vehicles not often sold at MSRP (incentives, discounts, rebates often overstate value; options, dealer adds, delivery charges often understate value).<br>• May not be as easy to administer.<br>• Could require multiple depreciation schedules if different categories of vehicles are defined.<br>• Use of average depreciation, even by make, does not account for individual vehicle condition.<br>• Change in depreciation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• Different value guides may have different value for each type of vehicle. |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| ***Estimated Costs:***<br>• Implementation costs are over $1 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>• Ongoing costs $2 Million to $2.5 Million per biennium<br>• Additional 11 FTEs required and ongoing operational costs.<br><br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .33%<br>• Monorail: From 1.4% to 1.52% | | |
| **Alternative 4**<br>• **85% of MSRP applied to current depreciation curve 1 vehicles.**<br>• **85% of Purchase Price applied to current depreciation curve 2 vehicles.**<br>• **Current depreciation schedules.**<br><br>***Estimated Costs:***<br>• Low information systems impact.<br>• Implementation costs less than $50,000.<br><br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .35% | • Independent data sources readily available.<br>• More complete data currently available than other valuation approaches.<br>• Consistency in administration.<br>• Currently use MSRP and purchase price.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Does not require annual revaluation.<br>• Depending on valuation methodology, independent data sources may be readily available (NMR).<br>• May be perceived as more accurate | • An “average” discount factor will be too high for some types of vehicles and too low for others.<br>• Revenue impact for lowered value of taxable base.<br>• Change in valuation methodology or schedule of depreciation may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• Does not rely on ongoing valuation data and therefore may be perceived as less equitable methodology. |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| • Monorail: From 1.4% to 1.65% | or fair depreciation methodology.<br>• Discounted value addresses the perception that no one pays MSRP for a vehicle – improves perception that MSRP is too high.<br>• Predictable. Tax receipts typically grow as fleet age turns over and vehicle values increase. | |
| **Alternative 5**<br>• **85% of MSRP applied to current depreciation curve 1 vehicles.**<br>• **Depreciated using combined passenger vehicle/light truck market depreciation curve**<br>• **Purchase Price applied to current depreciation curve 2 vehicles.**<br>• **Large and Medium Truck depreciation (curve 2) based on market depreciation curve**<br><br>Assumptions:<br>• Requires review of values on an annual basis to adjust depreciated value.<br>• Similar to "old" MVET method and would include many of the same challenges<br>• Unique depreciation schedule for each make or, combined into a lesser number if representative depreciation schedules by use class.<br>• Change to vehicle quality ratings over time could lead to fluctuating values (up if vehicle is moved to a slower | • Independent data sources readily available.<br>• More complete data currently available than other valuation approaches.<br>• Consistency in administration.<br>• Currently use MSRP and purchase price.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Does not require annual revaluation.<br>• Depending on valuation methodology, independent data sources may be readily available (NMR).<br>• May be perceived as more accurate or fair depreciation methodology.<br>• Creates perception of "true" value of each vehicle.<br>• Discounted value addresses the perception that no one pays MSRP for a vehicle – improves perception that MSRP is too high.<br>• Federal tax deduction currently | • An "average" discount factor will be too high for some types of vehicles and too low for others.<br>• Revenue impact for lowered value of taxable base.<br>• Change in valuation methodology or schedule of depreciation may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• May not be as easy to administer.<br>• Could require multiple depreciation schedules if different categories of vehicles are defined.<br>• Use of average depreciation does not account for individual vehicle condition. |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| depreciation schedule, down if vehicle is moved to a faster depreciation schedule).<br><br>***Estimated Costs:***<br>• Low information systems impact.<br>• Implementation costs less than $50,000.<br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .41%<br>• Monorail: From 1.4% to 1.93% | available. | |
| **Alternative 6**<br>• **Average Retail Value (AVR) applied to vehicle make and to extent possible, model.**<br>Assumptions:<br>• Would be based on today's ARV; not last sale.<br>• Look-up passenger car, light truck, motorcycle, heavy and medium truck values in NMR's "Red Book" and "Truck Blue Book."<br>• Use constructed valuation curves for other use classes.<br>• Requires review of values on an annual basis to adjust depreciated value.<br>• Similar to pre-1990 MVET methodology employing multiple depreciation schedules. Would include many of the same challenges.<br>• Change to vehicle quality ratings over | • Independent data sources readily available (NMR, Kelly Blue Book, etc.).<br>• Creates more of a perception that each individual vehicle's value is determined.<br>• Annual tax for privilege of operating the vehicle is the same for the same type of vehicle.<br>• Depending on valuation methodology, independent data sources may be readily available (NMR).<br>• May be perceived as more accurate or fair valuation methodology.<br>• May be perceived as more accurate or fair depreciation methodology.<br>• Creates perception of "true" value of each vehicle make.<br>• Federal tax deduction currently | • Multiple third party data sources may provide conflicting valuations.<br>• Use of average value cannot account for individual vehicle condition.<br>• May require significant data conversion.<br>• No historical data for conversion from MSRP base to previous AVR.<br>• Value guides do not include brand new vehicles (usually takes 6 months for them to be added). Tax basis for new cars could be sales tax although this data is not currently collected at the unit level.<br>• Value data currently used by DOL does not include all |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| time could lead to fluctuating values (up if vehicle is moved to a slower depreciation schedule, down if vehicle is moved to a faster depreciation schedule).<br><br>***Estimated Costs:***<br>• Implementation costs are over $1 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>• Ongoing costs over $2.5 Million per biennium.<br>Additional 15 FTEs required and ongoing operational costs.<br><br>***Rate Change Required for Revenue Neutrality:***<br><br>• RTA: From .3% to .34%<br>• Monorail: From 1.4% to 1.58% | available. | vehicles (pre-1981).<br>• Revenue impact for lowered value.<br>• Change in valuation or depreciation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• May not be as easy to administer.<br>• Could require multiple depreciation schedules if different categories of vehicles are defined.<br>• Use of average depreciation, even by make and where possible model, still does not account for individual vehicle condition.<br>• Change to renewal schedule (valuation occurs at fixed point in time or, is calculated based on vehicle value in a given month) would disrupt current collection schedule and outstanding pre-bills. |
| **Alternative 7**<br>• **Flat Tax Based on Year of Service**<br>Assumptions:<br>• Tax would be levied based on year of service regardless of make and model. | • Likely most simple option to administer and understand.<br>• No outside data required. | • Change in taxation or depreciation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• Likely will not remain revenue neutral over time. Revenue |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| ***Estimated Costs:***<br>• Low information systems impact.<br>• Implementation costs less than $50,000. | | growth limited to increase in number of vehicles (versus value). Would be difficult to create an index or inflator to solve this problem.<br>• Probably not eligible for current Federal tax deduction. |
| ***Below options were not modeled but are included as part of the discussion.*** | | |
| **Alternative 8 - Average Finance Value**<br><br>Assumptions:<br>• Mechanics are the same as "average retail value"<br>• **NOTE: Unable to model revenue impact of this option. Data on use classes other than passenger vehicles, light trucks and motorcycles was not available. Additional data could likely be purchased from the current vendor (NMR) or some other valuation provider.**<br><br>***Estimated Costs:***<br>• Implementation costs are over $1 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>• Ongoing costs over to $2.5 Million per biennium<br>Additional 15 FTEs required and ongoing operational costs | • Independent data sources readily available for a portion of the vehicle classes which includes passenger vehicles, light trucks and motorcycles (NMR, NADA, etc.).<br>• Relatively easy to administer. | • Multiple third party data sources.<br>• May require significant data conversion.<br>• Value guides do not include brand new vehicles (usually takes 6 months for them to be added).<br>• Value data currently used by DOL does not include all vehicles (pre-1981).<br>• Revenue impact for lowered value.<br>• Use of average price cannot account for individual vehicle condition.<br>• Potential need to provide infrastructure to administer challenges to valuation.<br>• Change in valuation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• Data for the other vehicle classes |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| | | would need to be purchased. |
| **Alternative 9 - Average Wholesale Value**<br><br>Assumptions:<br>• Mechanics are the same as "average retail value"<br>• **NOTE: Unable to model revenue impact of this option. Data on use classes other than passenger vehicles, light trucks and motorcycles was not available. Additional data could likely be purchased from the current vendor (NMR) or some other valuation provider.**<br><br>***Estimated Costs:***<br>• Implementation costs are over $1 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>• Ongoing costs over to $2.5 Million per biennium<br>Additional 15 FTEs required and ongoing operational costs | • Independent data sources readily available (NMR, NADA, etc.,).<br>• Relatively easy to administer. | • Multiple third party data sources.<br>• Use of average price cannot account for individual vehicle condition.<br>• May require significant data conversion.<br>• Value guides do not include brand new vehicles (usually takes 6 months for them to be added).<br>• Value data currently used by DOL has does not include all vehicles (pre-1981).<br>• Revenue impact for lowered value.<br>• Potential need to provide infrastructure to administer challenges to valuation.<br>• Change in valuation. methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail. |
| **Alternative 10 - Purchase Price and/or proxy for Purchase Price**<br><br>Assumptions:<br>• This is the "use tax" model using average retail value and assumes AVR is used as "proxy' if purchase price not | • Actual purchase price as documented by vehicle owner or seller would be perceived as more accurate, unique and fair valuation methodology. | • Independent data sources not readily available.<br>o Do not currently receive individual vehicle sales price or sales tax data from new vehicle sellers<br>• Potential for underreporting of |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| available<br>• Today's ARV will be used in lieu of purchase price when renewing and purchase not involved<br>o Can use seller supplied sales price information on used vehicles in some cases<br>o Can back into sales price using buyer supplied use tax data on used vehicles in some cases<br>• **NOTE: Unable to model revenue impact of this option. Insufficient time was available to allow this option to be modeled.**<br><br>***Estimated Costs:***<br>• Implementation costs are over $2 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>Establishing starting vehicle values<br>• Ongoing costs over $2.5 Million per biennium<br>Additional FTEs required and ongoing operational costs | | purchase price thereby lowering taxable value over lifetime of vehicle.<br>• Tax equity when same vehicle sold at many different prices.<br>• Potential for increased disputes related to taxable value if value derived using 'use tax' model (within $2K).<br>• If we accept purchase price rather than using "proxy", potential for revenue loss related to underreporting.<br>• Major data conversion.<br>• Data not as complete.<br>• Not as easy to administer.<br>• Potential need to provide infrastructure to administer challenges to valuation.<br>• Change in valuation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail.<br>• Determination of a starting value for vehicles owned for a long time at implementation. |
| **Alternative 11 - Revaluation based on last recorded sale**<br><br>Assumption: Initial valuation based on purchase price.<br>o Can use seller supplied sales price information on used | • May be perceived as more accurate or fair depreciation methodology.<br>• Resetting year of service indicator with each recorded sale might allow for higher rate to be paid over longer period of time. | • Independent data sources not readily available.<br>o Do not currently receive individual vehicle sales price or sales tax data from new vehicle sellers<br>• Potential for revenue loss due to |

## Valuation and Depreciation Alternatives for Modeling Yields

| Valuation/Depreciation Method* | Advantages | Disadvantages |
|---|---|---|
| vehicles in some cases<br>o Can back into sales price using buyer supplied use tax data on used vehicles in some cases<br><br>Conversion option: Keep MSRP as value base until the next sale, e.g., grandfather in the new process.<br><br>• **NOTE: Unable to model revenue impact of this option. Insufficient sales history data is available from the Department of Licensing to allow this option to be accurately modeled.**<br><br>***Estimated Costs:***<br>• Implementation costs are over $1 Million<br>Information system impacts<br>Agent and subagent education<br>Educate public on new method<br>• Ongoing costs over $2.5 Million per biennium<br>Additional FTEs required and ongoing operational costs | | underreporting and lower values<br>• Significant data conversion.<br>• Last recorded sale "value" may not be available.<br>• Historical retail value data not available to use as proxy.<br>• Increased disputes over value<br>• Customer impacts to provide "proof of value'.<br>• Most difficult to implement.<br>• Would need process for non-sales (e.g., gift, inheritance, donation).<br>• May not be as easy to administer.<br>• Change in depreciation methodology may necessitate a change in the tax rates currently levied by Sound Transit and Monorail. |

**Notes:**

- Actual MSRP (curve 1) and/or Purchase Price (curve 2) data available for *most* vehicles. In cases where MSRP (pre-1981 vehicles) or Purchase Price was not available, values were calculated based on value guide research and linear regression analysis.
- Depreciation curve one includes passenger vehicles, light trucks, motorcycles and personal use trailers. Depreciation curve two includes heavy and medium trucks as well as farm, combination, fixed load vehicles, etc.,.
- Cost estimates are based on the assumption that the Department of Licensing's HP3000 conversion is completed and that the implementation date would be after July 1, 2007.
- Cost estimates are subject to change based on actual provisions in proposed legislation.

# Section 5
# Alternatives Modeled and Charts

## *Alternative 1 - Table 1 - Statewide*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| Use Class | | | | | | | |
| 1. Other | 5,667 | $144 | 0.2% | $123 | 0.2% | -$20 | 0.2% |
| 2. Trucks - Commercial, Combination | 285,804 | $3,578 | 6.1% | $3,217 | 6.6% | -$361 | 3.6% |
| 3. Motorcycle | 164,552 | $836 | 1.4% | $724 | 1.5% | -$112 | 1.1% |
| 4. Farm, Farm Combination, LOG | 18,160 | $93 | 0.1% | $82 | 0.1% | -$11 | 0.1% |
| 5. Motorhome | 81,509 | $1,897 | 3.2% | $1,572 | 3.2% | -$324 | 3.2% |
| 6. Passenger Car | 3,936,027 | $41,143 | 70.8% | $33,626 | 69.9% | -$7,517 | 75.1% |
| 7. Utility Trailer | 472,080 | $387 | 0.6% | $329 | 0.6% | -$57 | 0.5% |
| 8. Truck, Personal Use | 1,199,303 | $9,988 | 17.2% | $8,384 | 17.4% | -$1,603 | 16.0% |
| All | 6,163,102 | $58,069 | 100.0% | $48,061 | 100.0% | -$10,008 | 100.0% |

## *Alternative 1 - Table 2 - RTA*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.37%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $20 | 0.1% | -$7 | 0.1% | $0.08 | $0.07 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $375 | 2.0% | -$66 | 1.6% | $1.32 | $1.39 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $263 | 1.4% | -$39 | 1.0% | $0.90 | $0.97 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $367 | 2.0% | -$72 | 1.8% | $1.32 | $1.36 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $14,750 | 82.2% | -$3,287 | 83.7% | $54.11 | $54.57 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $70 | 0.3% | -$12 | 0.3% | $0.24 | $0.26 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $2,095 | 11.6% | -$441 | 11.2% | $7.61 | $7.75 |
| All | 2,102,531 | $21,872 | 100.0% | $17,944 | 100.0% | -$3,927 | 100.0% | $65.61 | $66.39 |

## *Alternative 1 - Table 3 - Monorail*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.77%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 518 | $7 | 0.2% | $5 | 0.2% | -$1 | 0.2% | $0.10 | $0.09 |
| 2. Trucks - Commercial, Combination | 14,899 | $159 | 4.6% | $134 | 5.0% | -$24 | 3.5% | $2.23 | $2.38 |
| 3. Motorcycle | 8,627 | $28 | 0.8% | $23 | 0.8% | -$5 | 0.7% | $0.40 | $0.41 |
| 4. Farm, Farm Combination, LOG | 8 | $0 | 0.0% | $0 | 0.0% | -$0 | 0.0% | $0.00 | $0.00 |
| 5. Motorhome | 1,480 | $16 | 0.4% | $13 | 0.4% | -$3 | 0.5% | $0.23 | $0.23 |
| 6. Passenger Car | 292,267 | $2,906 | 85.5% | $2,291 | 85.1% | -$614 | 87.0% | $40.68 | $40.56 |
| 7. Utility Trailer | 8,881 | $4 | 0.1% | $3 | 0.1% | -$0 | 0.1% | $0.06 | $0.07 |
| 8. Truck, Personal Use | 40,037 | $274 | 8.0% | $219 | 8.1% | -$55 | 7.8% | $3.84 | $3.87 |
| All | 366,717 | $3,397 | 100.0% | $2,692 | 100.0% | -$705 | 100.0% | $47.57 | $47.65 |

## *Alternative 1 - Table 4 - Statewide*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 21,881 | -3,670 | (14%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 11,256 | -1,264 | (10%) |
| **3. Motorcycle** | 164,552 | 5,083 | 4,401 | -683 | (13%) |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 4,532 | -625 | (12%) |
| **5. Motorhome** | 81,509 | 23,278 | 19,297 | -3,981 | (17%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 8,543 | -1,910 | (18%) |
| **8. Utility Trailer** | 472,080 | 820 | 699 | -122 | (15%) |
| **9. Truck, Personal Use** | 1,199,303 | 8,329 | 6,991 | -1,337 | (16%) |
| **All** | 6,163,102 | 9,422 | 7,798 | -1,624 | (17%) |

## *Alternative 1 - Table 5 - RTA*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.37%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 10,496 | -3,765 | (26%) | 43 | 39 | -4 | ( 9%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 7,839 | -1,381 | (15%) | 28 | 29 | 1 | 5% |
| **3. Motorcycle** | 56,941 | 5,315 | 4,624 | -691 | (13%) | 16 | 17 | 1 | 7% |
| **5. Motorhome** | 18,460 | 23,878 | 19,926 | -3,953 | (17%) | 72 | 74 | 2 | 3% |
| **6. Passenger Car** | 1,567,006 | 11,512 | 9,413 | -2,098 | (18%) | 35 | 35 | 0 | .9% |
| **8. Utility Trailer** | 109,443 | 755 | 646 | -110 | (15%) | 2 | 2 | 0 | 5% |
| **9. Truck, Personal Use** | 300,754 | 8,436 | 6,967 | -1,469 | (17%) | 25 | 26 | 0 | 2% |
| **All** | 2,102,531 | 10,403 | 8,535 | -1,868 | (18%) | 31 | 32 | 0 | 1% |

## *Alternative 1 - Table 6 - Monorail*
## *Tax Base = MSRP, Depreciation = 10% per year*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.77%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

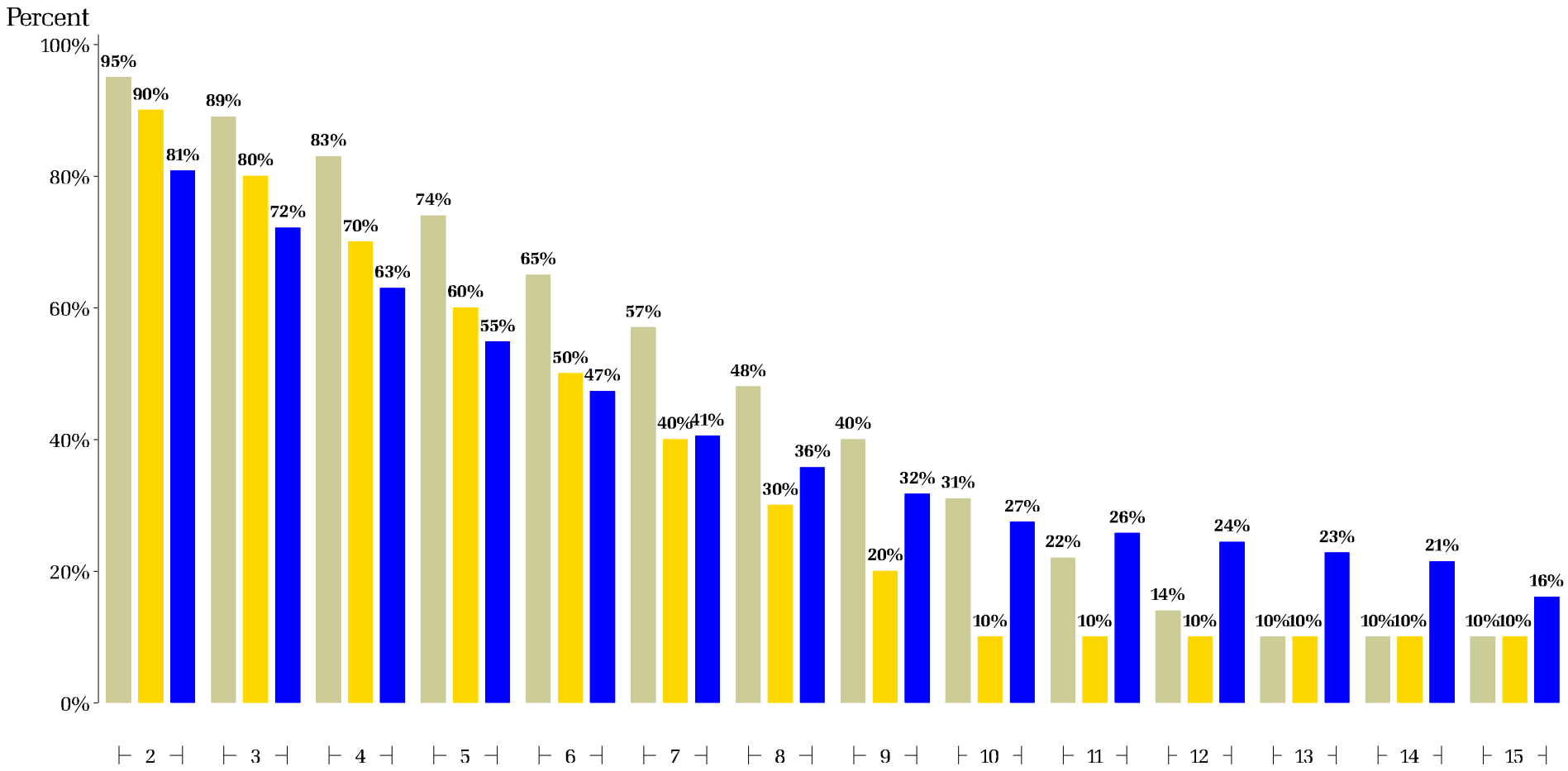
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 10,669 | -3,684 | (26%) | 201 | 189 | -12 | ( 6%) |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 9,044 | -1,661 | (16%) | 150 | 160 | 10 | 7% |
| **3. Motorcycle** | 8,627 | 3,324 | 2,730 | -594 | (18%) | 47 | 48 | 2 | 4% |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 812 | 0 | .0% | 11 | 14 | 3 | 26% |
| **5. Motorhome** | 1,480 | 11,431 | 9,035 | -2,396 | (21%) | 160 | 160 | -0 | (.1%) |
| **6. Passenger Car** | 292,267 | 9,943 | 7,841 | -2,102 | (21%) | 139 | 139 | -0 | (.3%) |
| **8. Utility Trailer** | 8,881 | 554 | 447 | -107 | (19%) | 8 | 8 | 0 | 2% |
| **9. Truck, Personal Use** | 40,037 | 6,852 | 5,475 | -1,377 | (20%) | 96 | 97 | 1 | 1% |
| **All** | 366,717 | 9,266 | 7,341 | -1,924 | (21%) | 130 | 130 | 0 | .2% |

## Alternative 1 Tax Base = MSRP, Depreciation = 10% per year

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

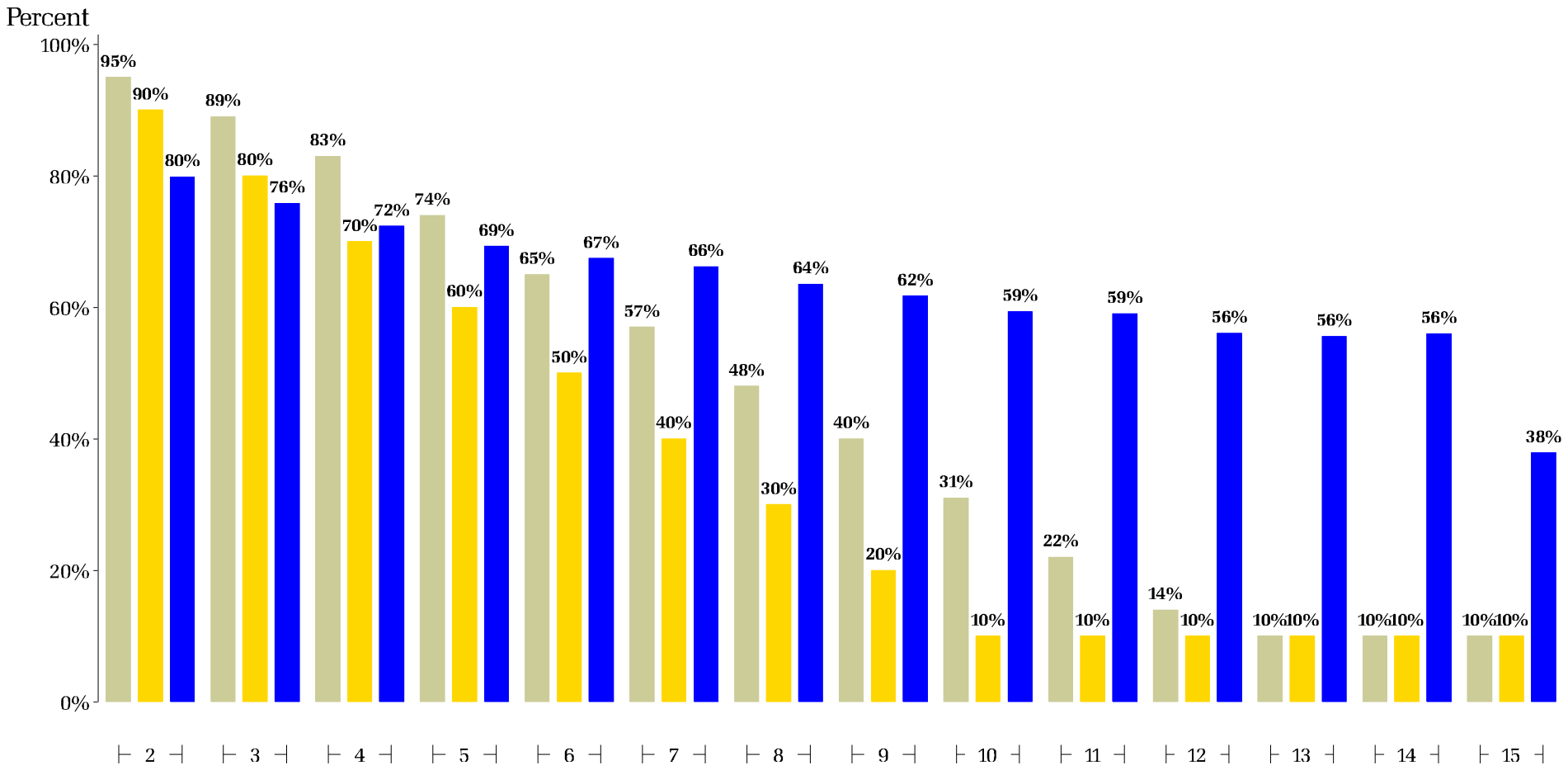
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 1 Tax Base = MSRP, Depreciation = 10% per year**

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

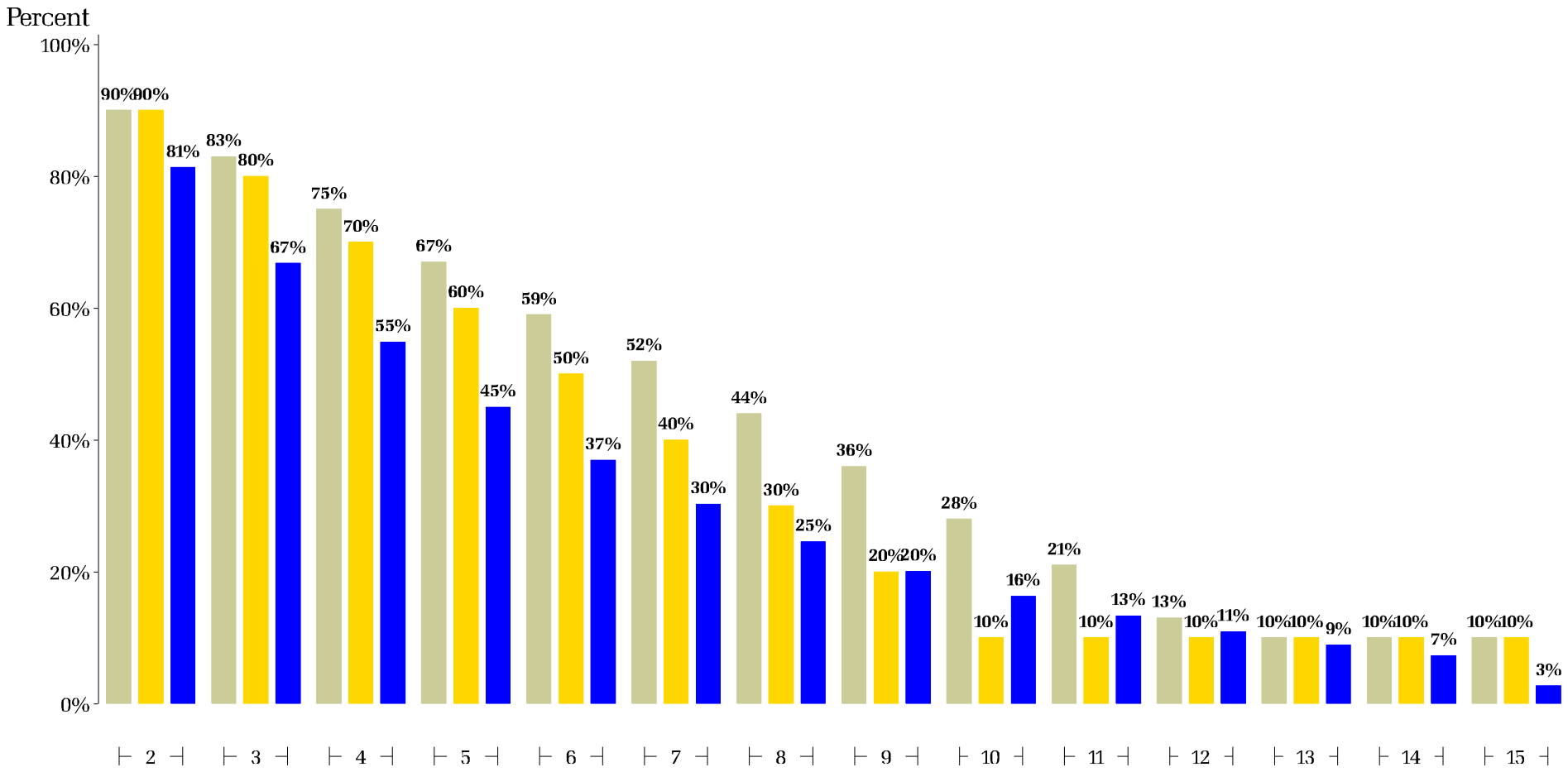
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 1 Tax Base = MSRP, Depreciation = 10% per year

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

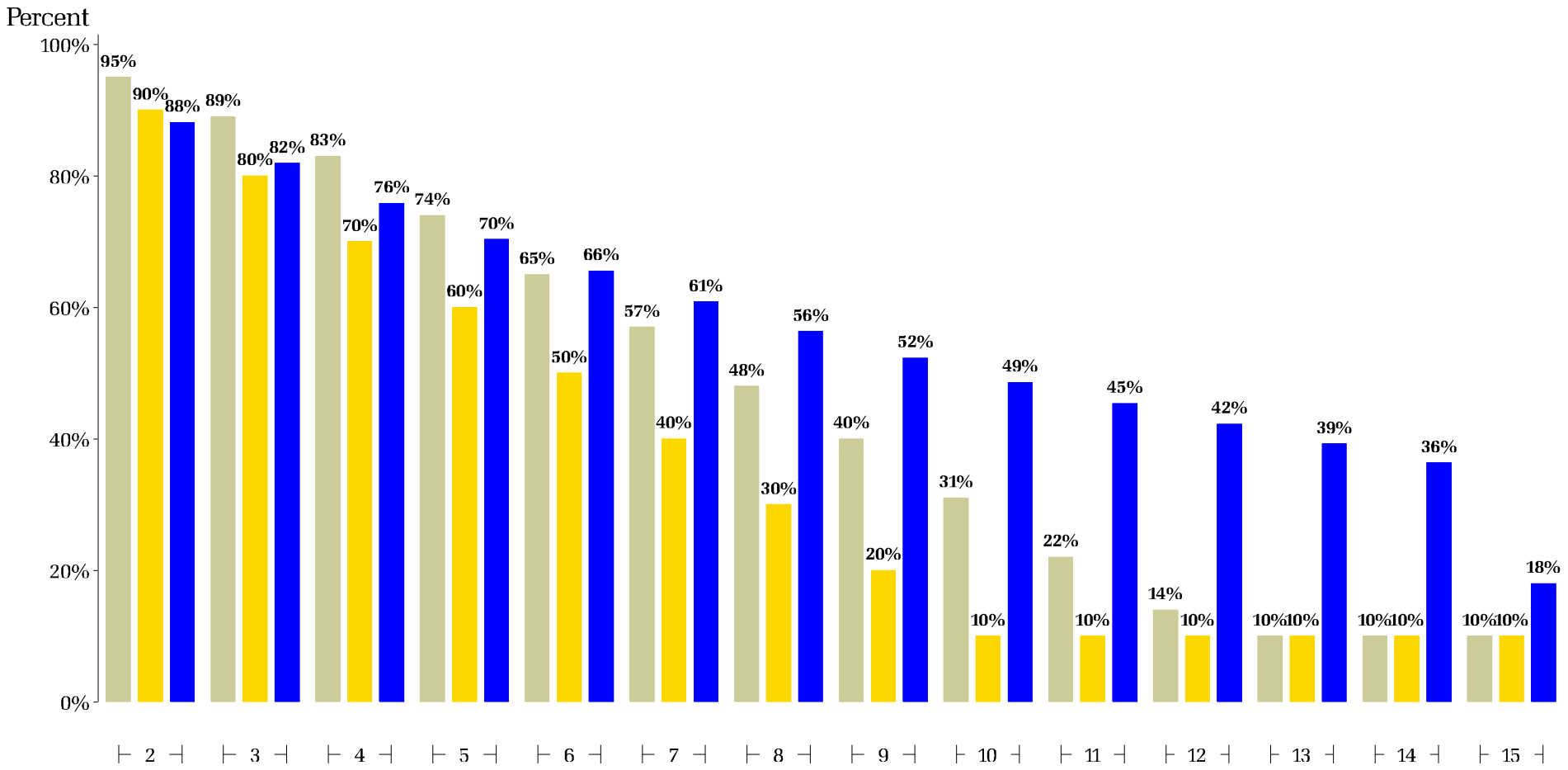
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 1 Tax Base = MSRP, Depreciation = 10% per year**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

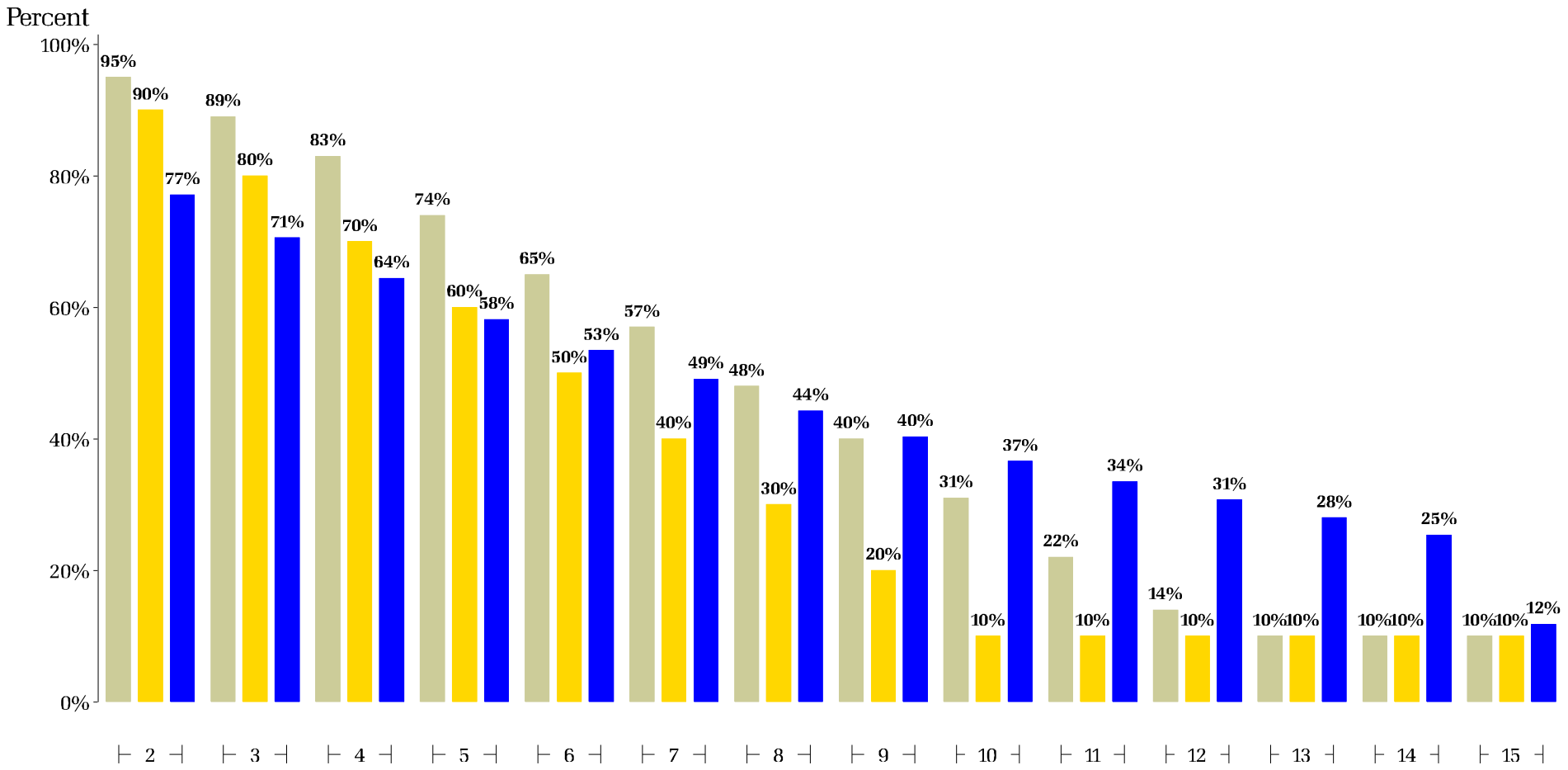
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

# Alternative 1 Tax Base = MSRP, Depreciation = 10% per year

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 2 - Table 1 - Statewide*
## *Tax Base = MSRP, Depreciation = Market Based*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| Use Class | | | | | | | |
| 1. Other | 5,667 | $144 | 0.2% | $115 | 0.2% | -$29 | 0.3% |
| 2. Trucks - Commercial, Combination | 285,804 | $3,578 | 6.1% | $2,968 | 5.8% | -$610 | 8.2% |
| 3. Motorcycle | 164,552 | $836 | 1.4% | $722 | 1.4% | -$114 | 1.5% |
| 4. Farm, Farm Combination, LOG | 18,160 | $93 | 0.1% | $74 | 0.1% | -$18 | 0.2% |
| 5. Motorhome | 81,509 | $1,897 | 3.2% | $1,712 | 3.3% | -$184 | 2.4% |
| 6. Passenger Car | 3,936,027 | $41,143 | 70.8% | $35,945 | 70.9% | -$5,197 | 70.2% |
| 7. Utility Trailer | 472,080 | $387 | 0.6% | $345 | 0.6% | -$41 | 0.5% |
| 8. Truck, Personal Use | 1,199,303 | $9,988 | 17.2% | $8,785 | 17.3% | -$1,203 | 16.2% |
| All | 6,163,102 | $58,069 | 100.0% | $50,669 | 100.0% | -$7,399 | 100.0% |

## *Alternative 2 - Table 2 - RTA*
## *Tax Base = MSRP, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.35%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $22 | 0.1% | -$5 | 0.2% | $0.08 | $0.07 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $386 | 2.0% | -$55 | 1.8% | $1.32 | $1.35 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $261 | 1.3% | -$40 | 1.3% | $0.90 | $0.91 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $397 | 2.0% | -$43 | 1.4% | $1.32 | $1.39 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $15,578 | 82.2% | -$2,460 | 84.1% | $54.11 | $54.52 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $73 | 0.3% | -$8 | 0.3% | $0.24 | $0.25 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $2,228 | 11.7% | -$308 | 10.5% | $7.61 | $7.79 |
| All | 2,102,531 | $21,872 | 100.0% | $18,949 | 100.0% | -$2,923 | 100.0% | $65.61 | $66.32 |

## *Alternative 2 - Table 3 - Monorail*
## *Tax Base = MSRP, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.64%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 518 | $7 | 0.2% | $5 | 0.1% | -$1 | 0.3% | $0.10 | $0.09 |
| 2. Trucks - Commercial, Combination | 14,899 | $159 | 4.6% | $126 | 4.3% | -$33 | 6.6% | $2.23 | $2.06 |
| 3. Motorcycle | 8,627 | $28 | 0.8% | $24 | 0.8% | -$4 | 0.9% | $0.40 | $0.39 |
| 4. Farm, Farm Combination, LOG | 8 | $0 | 0.0% | $0 | 0.0% | $0 | 0.0% | $0.00 | $0.00 |
| 5. Motorhome | 1,480 | $16 | 0.4% | $15 | 0.5% | -$0 | 0.1% | $0.23 | $0.26 |
| 6. Passenger Car | 292,267 | $2,906 | 85.5% | $2,478 | 85.6% | -$427 | 84.5% | $40.68 | $40.64 |
| 7. Utility Trailer | 8,881 | $4 | 0.1% | $4 | 0.1% | -$0 | 0.1% | $0.06 | $0.07 |
| 8. Truck, Personal Use | 40,037 | $274 | 8.0% | $237 | 8.2% | -$36 | 7.2% | $3.84 | $3.89 |
| All | 366,717 | $3,397 | 100.0% | $2,892 | 100.0% | -$505 | 100.0% | $47.57 | $47.43 |

## *Alternative 2 - Table 4 - Statewide*
## *Tax Base = MSRP, Depreciation = Market Based*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 20,424 | -5,127 | (20%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 10,385 | -2,135 | (17%) |
| **3. Motorcycle** | 164,552 | 5,083 | 4,390 | -693 | (14%) |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 4,115 | -1,042 | (20%) |
| **5. Motorhome** | 81,509 | 23,278 | 21,014 | -2,264 | (10%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 9,132 | -1,321 | (13%) |
| **7. Utility Trailer** | 472,080 | 820 | 733 | -87 | (11%) |
| **8. Truck, Personal Use** | 1,199,303 | 8,329 | 7,325 | -1,004 | (12%) |
| **All** | 6,163,102 | 9,422 | 8,222 | -1,201 | (13%) |

## *Alternative 2 - Table 5 - RTA*
## *Tax Base = MSRP, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.35%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 11,309 | -2,951 | (21%) | 43 | 40 | -3 | ( 7%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 8,062 | -1,158 | (13%) | 28 | 28 | 1 | 2% |
| **3. Motorcycle** | 56,941 | 5,315 | 4,596 | -719 | (14%) | 16 | 16 | 0 | .9% |
| **5. Motorhome** | 18,460 | 23,878 | 21,549 | -2,329 | (10%) | 72 | 75 | 4 | 5% |
| **6. Passenger Car** | 1,567,006 | 11,512 | 9,941 | -1,570 | (14%) | 35 | 35 | 0 | .8% |
| **7. Utility Trailer** | 109,443 | 755 | 675 | -81 | (11%) | 2 | 2 | 0 | 4% |
| **8. Truck, Personal Use** | 300,754 | 8,436 | 7,410 | -1,026 | (12%) | 25 | 26 | 1 | 2% |
| **All** | 2,102,531 | 10,403 | 9,013 | -1,390 | (13%) | 31 | 32 | 0 | 1% |

## *Alternative 2 - Table 6 - Monorail*
## *Tax Base = MSRP, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.64%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

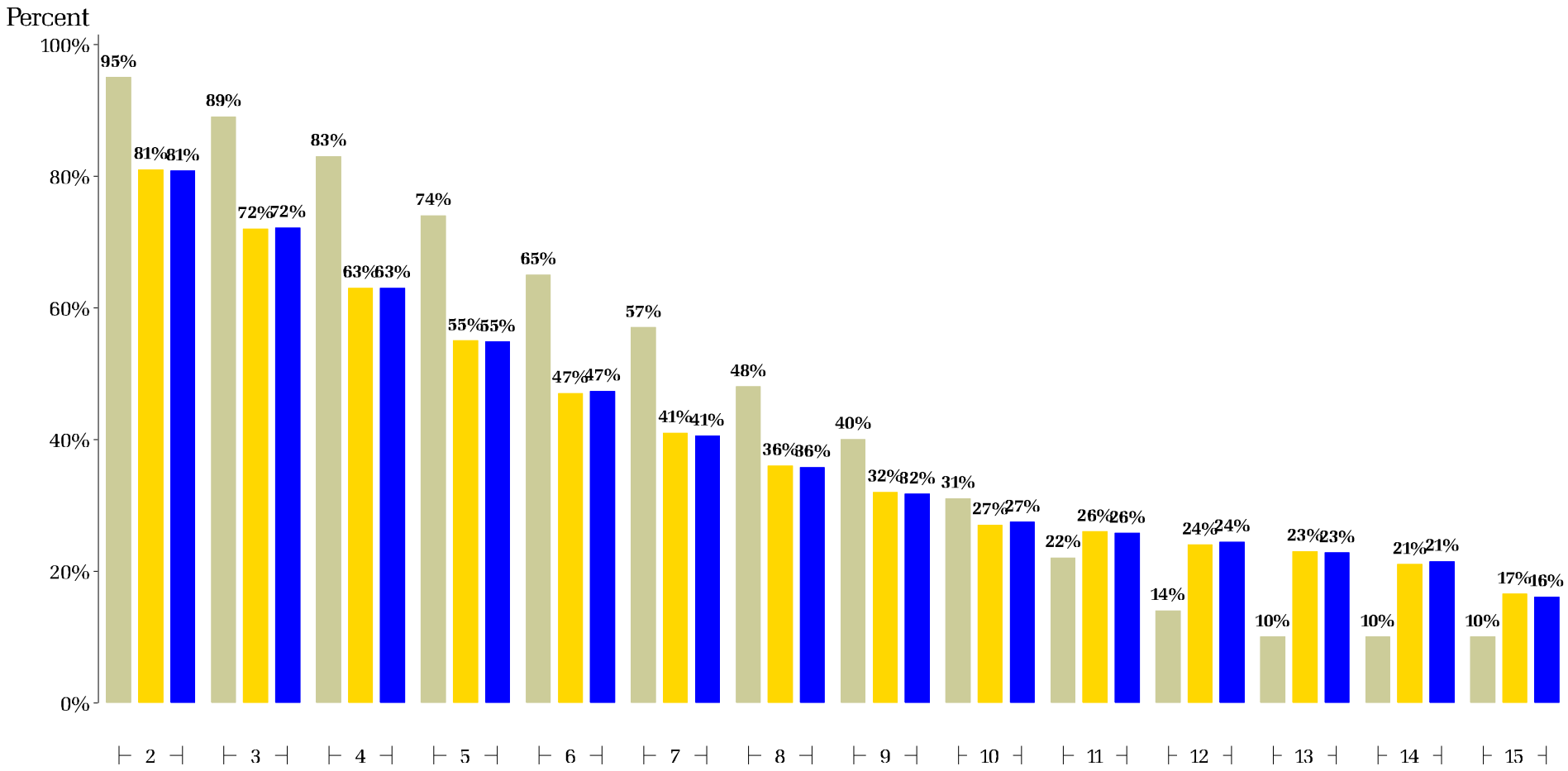
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 11,004 | -3,349 | (23%) | 201 | 180 | -20 | (10%) |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 8,463 | -2,242 | (21%) | 150 | 139 | -11 | ( 7%) |
| **3. Motorcycle** | 8,627 | 3,324 | 2,791 | -534 | (16%) | 47 | 46 | -1 | ( 2%) |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 1,217 | 405 | 50% | 11 | 20 | 9 | 76% |
| **5. Motorhome** | 1,480 | 11,431 | 10,757 | -674 | ( 6%) | 160 | 176 | 16 | 10% |
| **6. Passenger Car** | 292,267 | 9,943 | 8,481 | -1,463 | (15%) | 139 | 139 | -0 | (.1%) |
| **7. Utility Trailer** | 8,881 | 554 | 488 | -66 | (12%) | 8 | 8 | 0 | 3% |
| **8. Truck, Personal Use** | 40,037 | 6,852 | 5,937 | -915 | (13%) | 96 | 97 | 1 | 1% |
| **All** | 366,717 | 9,266 | 7,887 | -1,378 | (15%) | 130 | 129 | -0 | (.3%) |

**Alternative 2 Tax Base = MSRP, Depreciation = Market Based**

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

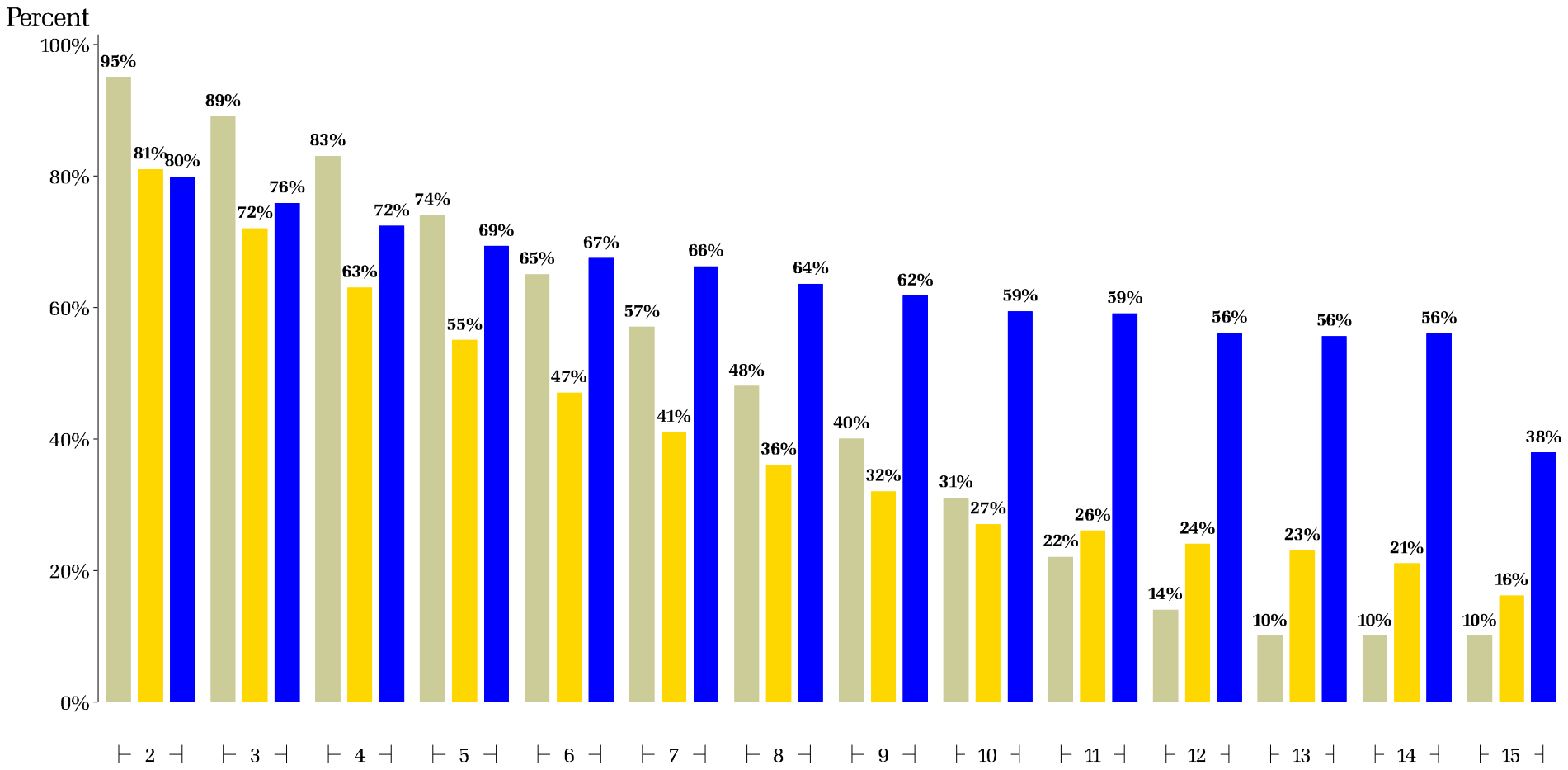
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 2 Tax Base = MSRP, Depreciation = Market Based**

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

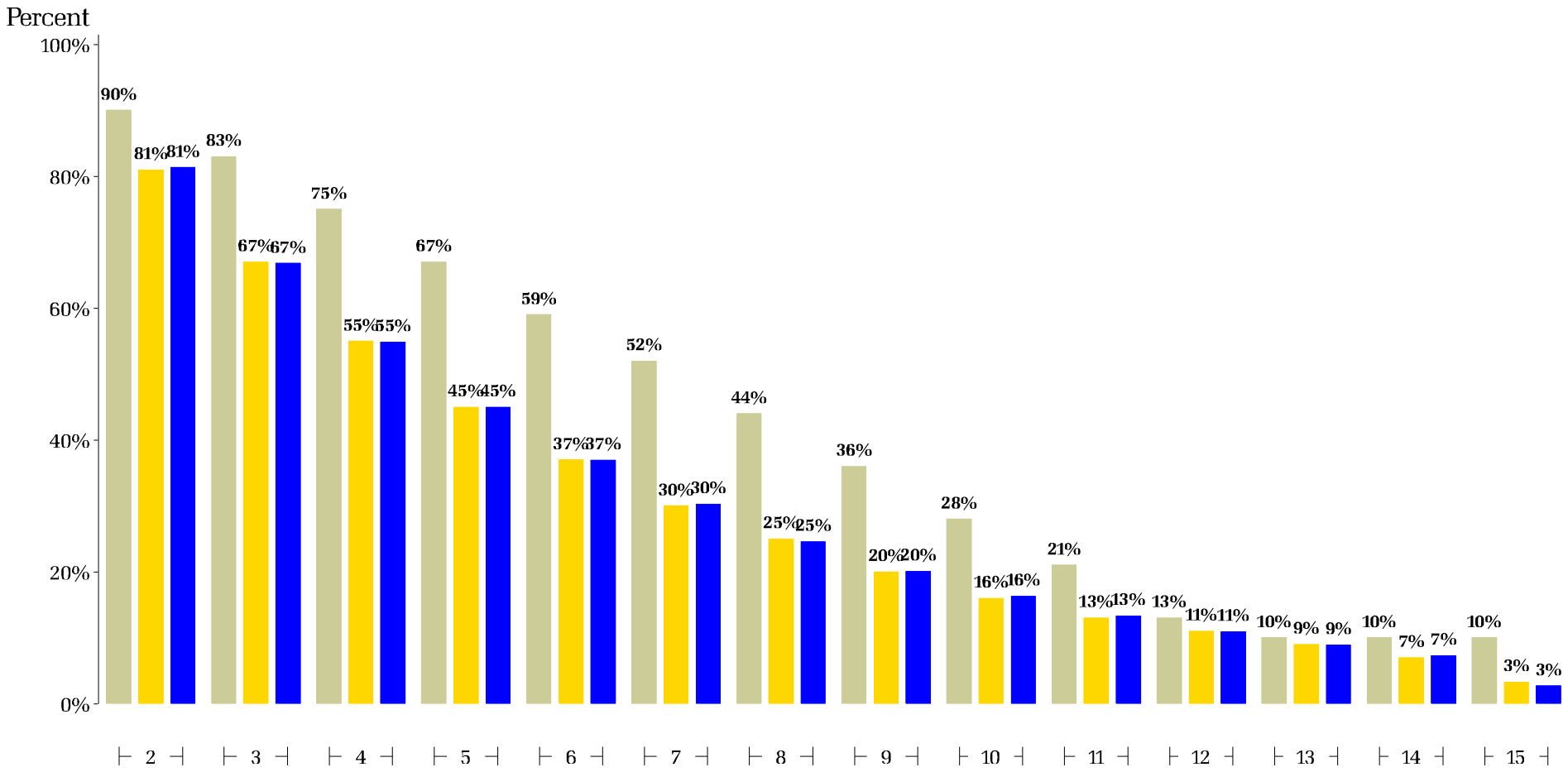
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 2 Tax Base = MSRP, Depreciation = Market Based**

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

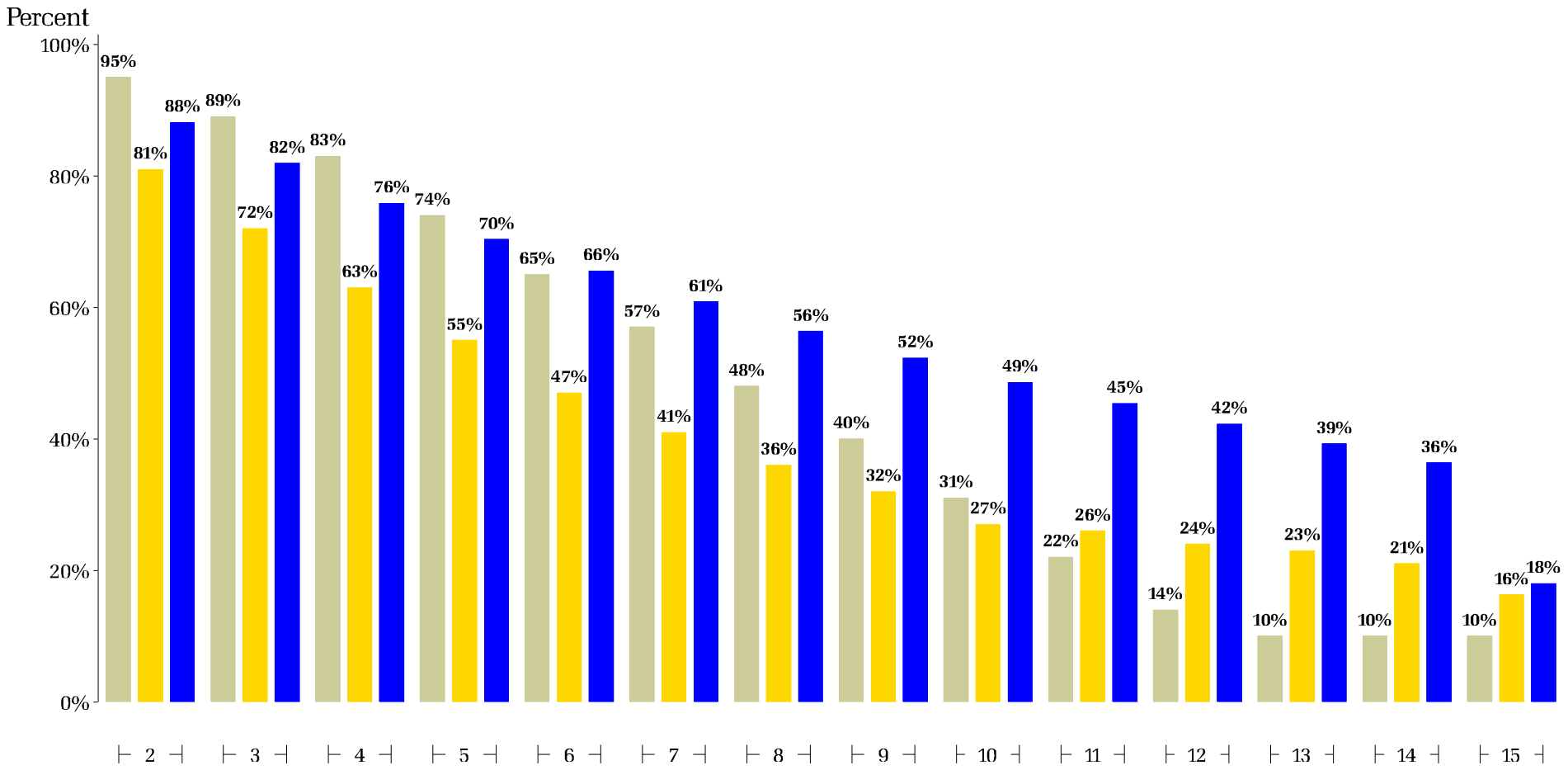
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 2 Tax Base = MSRP, Depreciation = Market Based**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

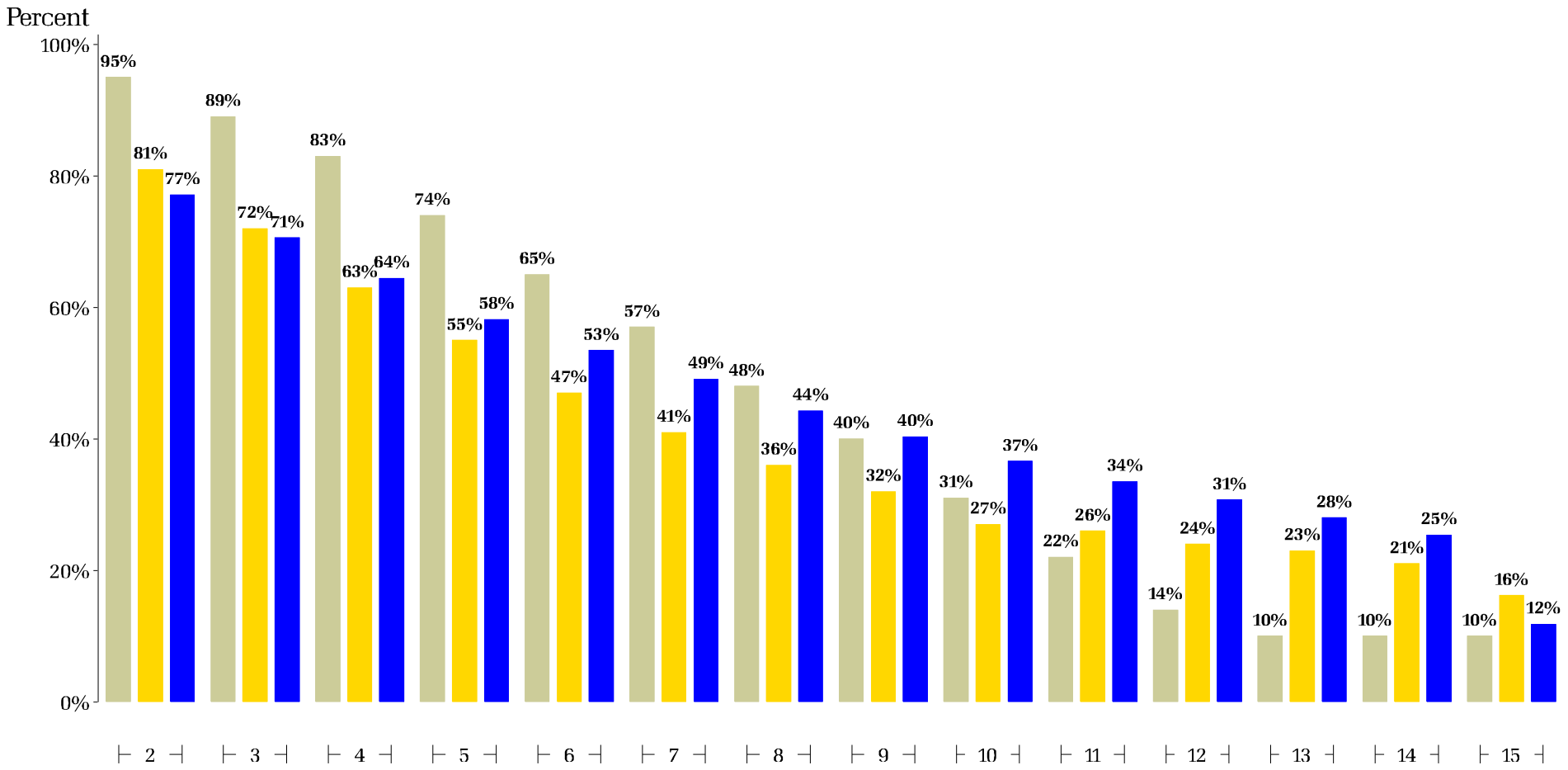
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 2 Tax Base = MSRP, Depreciation = Market Based

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 3 - Table 1 - Statewide*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| Use Class | | | | | | | |
| 1. Other | 5,667 | $144 | 0.2% | $111 | 0.2% | -$33 | 0.6% |
| 2. Trucks - Commercial, Combination | 285,804 | $3,578 | 6.1% | $3,011 | 5.6% | -$567 | 11.6% |
| 3. Motorcycle | 164,552 | $836 | 1.4% | $951 | 1.7% | $115 | -2.3% |
| 4. Farm, Farm Combination, LOG | 18,160 | $93 | 0.1% | $72 | 0.1% | -$21 | 0.4% |
| 5. Motorhome | 81,509 | $1,897 | 3.2% | $1,828 | 3.4% | -$69 | 1.4% |
| 6. Passenger Car | 3,936,027 | $41,143 | 70.8% | $36,035 | 67.7% | -$5,107 | 104.4% |
| 7. Utility Trailer | 472,080 | $387 | 0.6% | $462 | 0.8% | $75 | -1.5% |
| 8. Truck, Personal Use | 1,199,303 | $9,988 | 17.2% | $10,709 | 20.1% | $720 | -14.7% |
| All | 6,163,102 | $58,069 | 100.0% | $53,182 | 100.0% | -$4,887 | 100.0% |

## *Alternative 3 - Table 2 - RTA*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.33%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $18 | 0.0% | -$9 | 0.5% | $0.08 | $0.06 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $350 | 1.7% | -$91 | 4.7% | $1.32 | $1.15 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $337 | 1.6% | $34 | -1.7% | $0.90 | $1.11 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $421 | 2.1% | -$18 | 0.9% | $1.32 | $1.39 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $15,974 | 80.0% | -$2,064 | 107.7% | $54.11 | $52.71 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $97 | 0.4% | $14 | -0.7% | $0.24 | $0.32 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $2,755 | 13.8% | $218 | -11.4% | $7.61 | $9.09 |
| All | 2,102,531 | $21,872 | 100.0% | $19,956 | 100.0% | -$1,916 | 100.0% | $65.61 | $65.85 |

## *Alternative 3 - Table 3 - Monorail*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.52%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 518 | $7 | 0.2% | $5 | 0.1% | -$2 | 0.8% | $0.10 | $0.07 |
| 2. Trucks - Commercial, Combination | 14,899 | $159 | 4.6% | $124 | 4.0% | -$35 | 12.2% | $2.23 | $1.89 |
| 3. Motorcycle | 8,627 | $28 | 0.8% | $34 | 1.1% | $5 | -1.9% | $0.40 | $0.52 |
| 4. Farm, Farm Combination, LOG | 8 | $0 | 0.0% | $0 | 0.0% | $0 | -0.0% | $0.00 | $0.00 |
| 5. Motorhome | 1,480 | $16 | 0.4% | $17 | 0.5% | $0 | -0.0% | $0.23 | $0.26 |
| 6. Passenger Car | 292,267 | $2,906 | 85.5% | $2,616 | 84.1% | -$289 | 100.8% | $40.68 | $39.77 |
| 7. Utility Trailer | 8,881 | $4 | 0.1% | $6 | 0.1% | $1 | -0.4% | $0.06 | $0.09 |
| 8. Truck, Personal Use | 40,037 | $274 | 8.0% | $306 | 9.8% | $32 | -11.3% | $3.84 | $4.66 |
| All | 366,717 | $3,397 | 100.0% | $3,110 | 100.0% | -$287 | 100.0% | $47.57 | $47.28 |

## *Alternative 3 - Table 4 - Statewide*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 19,598 | -5,953 | (23%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 10,536 | -1,984 | (16%) |
| **3. Motorcycle** | 164,552 | 5,083 | 5,783 | 700 | 14% |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 3,979 | -1,178 | (23%) |
| **5. Motorhome** | 81,509 | 23,278 | 22,430 | -847 | ( 4%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 9,155 | -1,298 | (12%) |
| **7. Utility Trailer** | 472,080 | 820 | 980 | 159 | 19% |
| **8. Truck, Personal Use** | 1,199,303 | 8,329 | 8,930 | 601 | 7% |
| **All** | 6,163,102 | 9,422 | 8,629 | -793 | ( 8%) |

## *Alternative 3 - Table 5 - RTA*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.33%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 9,448 | -4,813 | (34%) | 43 | 31 | -12 | (27%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 7,311 | -1,909 | (21%) | 28 | 24 | -4 | (13%) |
| **3. Motorcycle** | 56,941 | 5,315 | 5,920 | 605 | 11% | 16 | 20 | 4 | 23% |
| **5. Motorhome** | 18,460 | 23,878 | 22,853 | -1,025 | ( 4%) | 72 | 75 | 4 | 5% |
| **6. Passenger Car** | 1,567,006 | 11,512 | 10,194 | -1,317 | (11%) | 35 | 34 | -1 | ( 3%) |
| **7. Utility Trailer** | 109,443 | 755 | 889 | 134 | 18% | 2 | 3 | 1 | 29% |
| **8. Truck, Personal Use** | 300,754 | 8,436 | 9,163 | 727 | 9% | 25 | 30 | 5 | 19% |
| **All** | 2,102,531 | 10,403 | 9,491 | -911 | ( 9%) | 31 | 31 | 0 | .4% |

## *Alternative 3 - Table 6 - Monorail*
## *Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.52%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

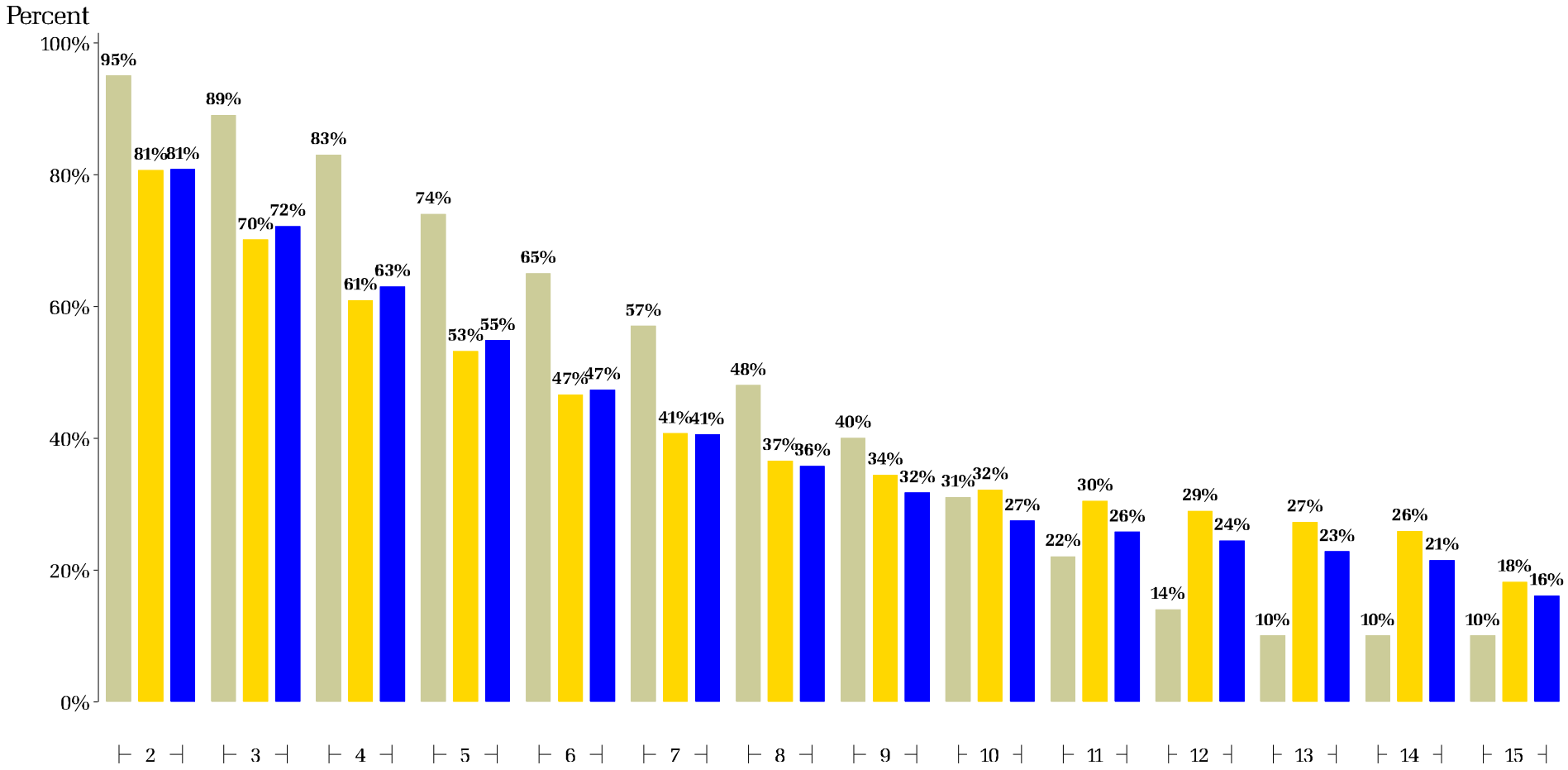
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 9,831 | -4,522 | (32%) | 201 | 149 | -52 | (26%) |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 8,353 | -2,352 | (22%) | 150 | 127 | -23 | (15%) |
| **3. Motorcycle** | 8,627 | 3,324 | 3,970 | 646 | 19% | 47 | 60 | 14 | 30% |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 1,338 | 526 | 65% | 11 | 20 | 9 | 79% |
| **5. Motorhome** | 1,480 | 11,431 | 11,615 | 184 | 2% | 160 | 177 | 17 | 10% |
| **6. Passenger Car** | 292,267 | 9,943 | 8,953 | -990 | (10%) | 139 | 136 | -3 | ( 2%) |
| **7. Utility Trailer** | 8,881 | 554 | 698 | 144 | 26% | 8 | 11 | 3 | 37% |
| **8. Truck, Personal Use** | 40,037 | 6,852 | 7,666 | 814 | 12% | 96 | 117 | 21 | 21% |
| **All** | 366,717 | 9,266 | 8,483 | -783 | ( 8%) | 130 | 129 | -1 | (.6%) |

**Alternative 3 Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make**

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

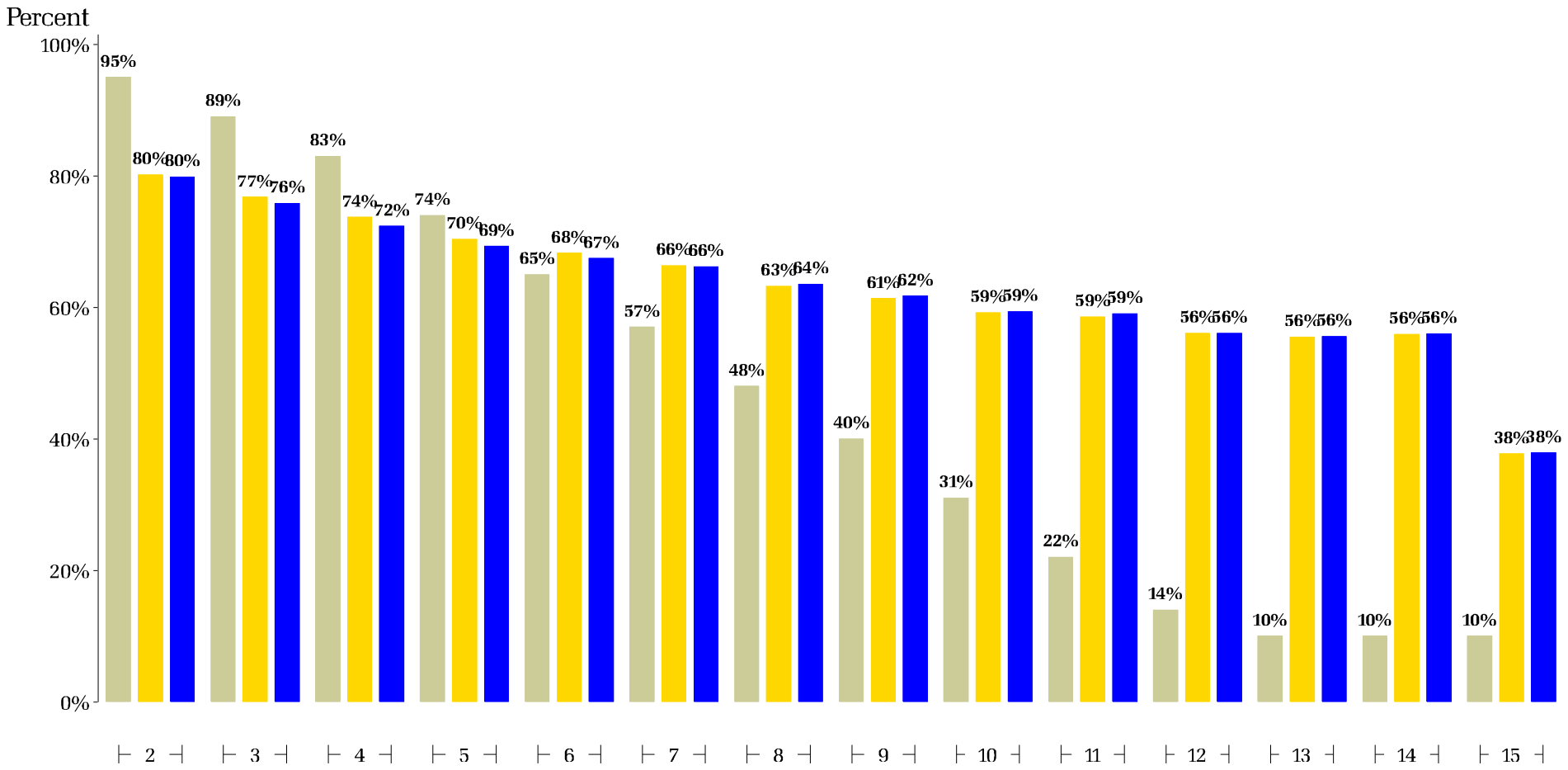
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 3 Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make**

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

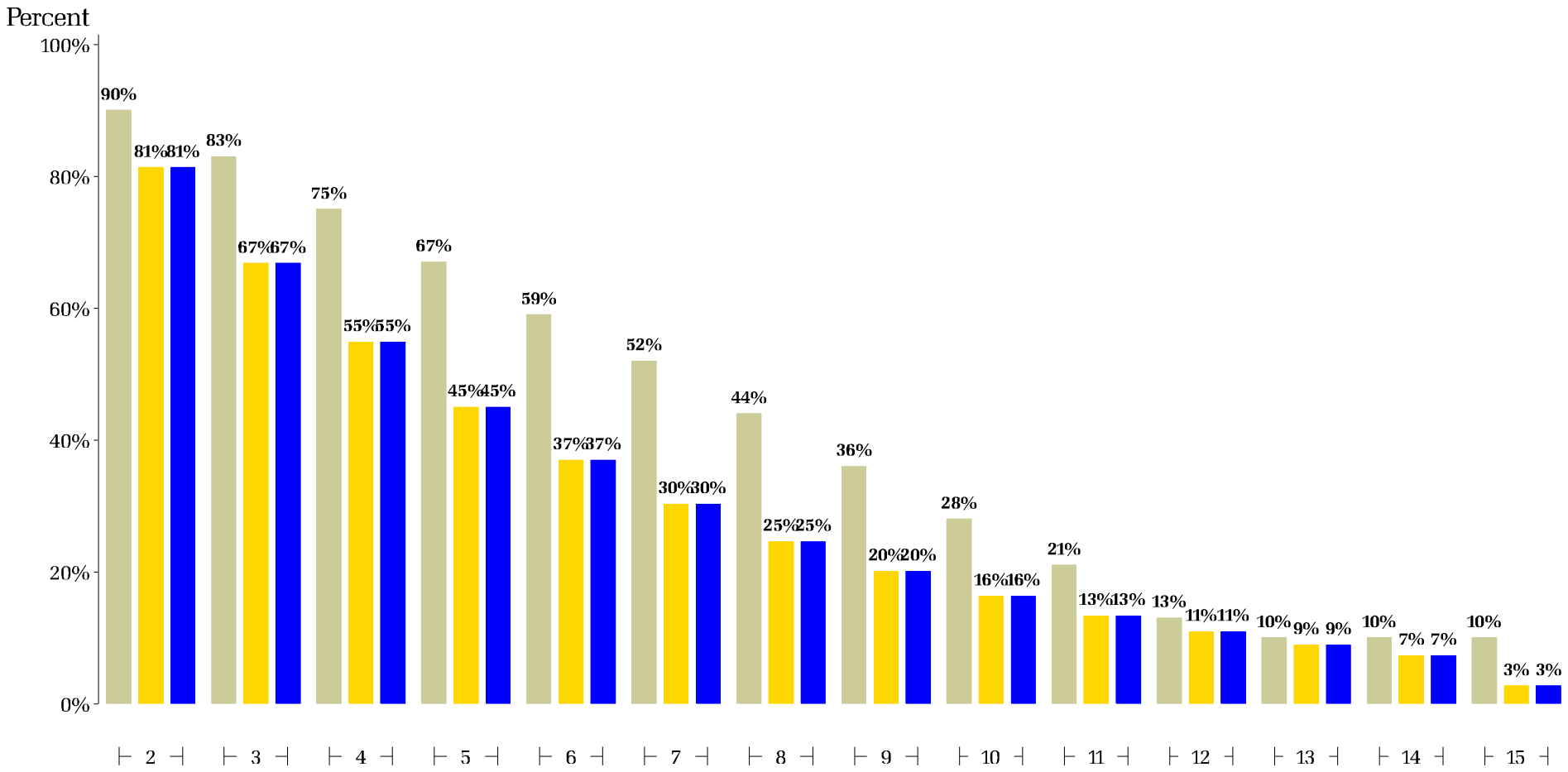
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 3 Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make**

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

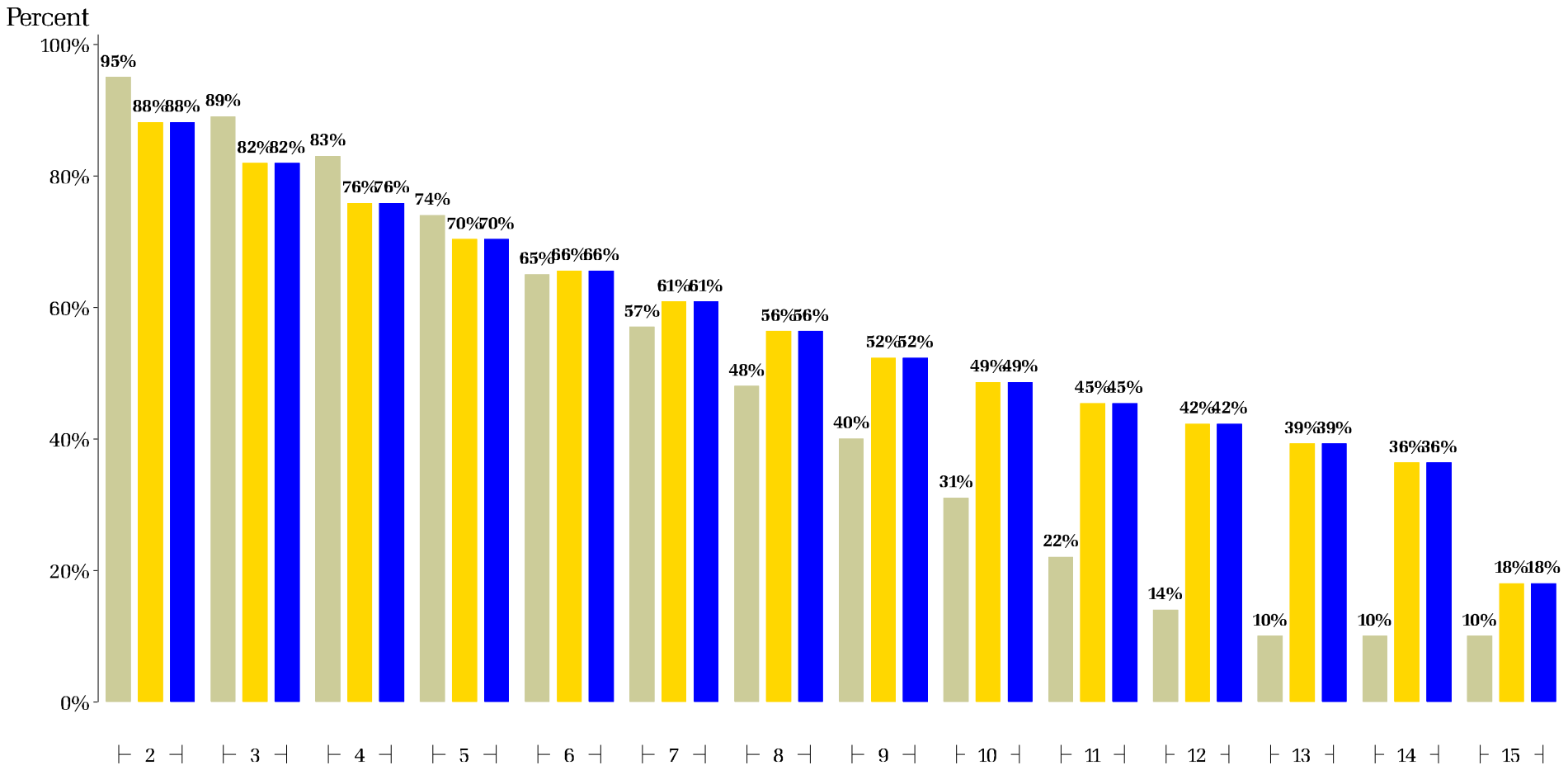
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 3 Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

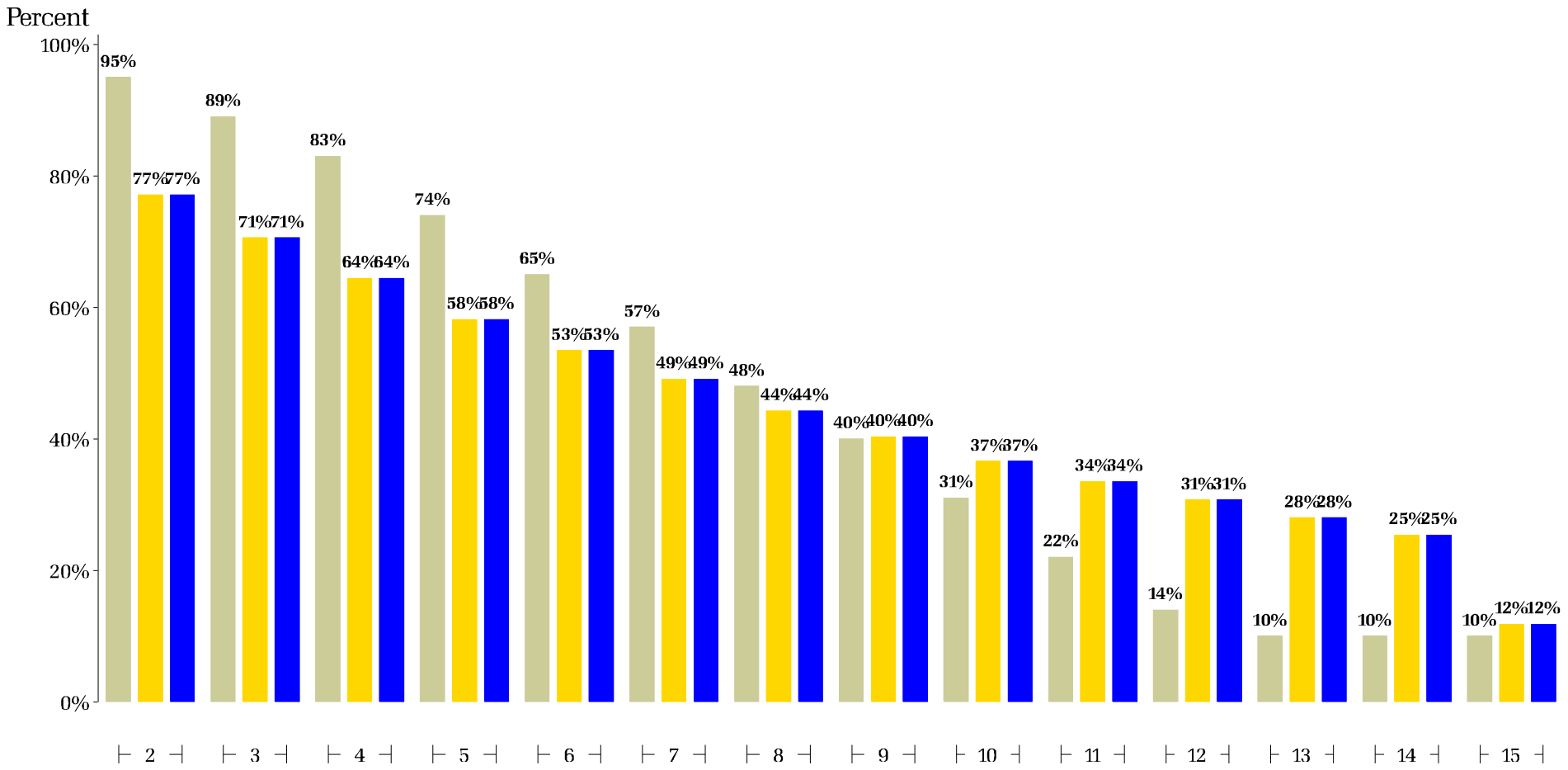
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 3 Tax Base = MSRP, Depreciation = Avg Market Based Dep by Make**

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 4 - Table 1 - Statewide*
## *Tax Base = MSRP, Tax Base = 85% MSRP, Depreciation = Current Schedules*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| Use Class | | | | | | | |
| 1. Other | 5,667 | $144 | 0.2% | $123 | 0.2% | -$21 | 0.2% |
| 2. Trucks - Commercial, Combination | 285,804 | $3,578 | 6.1% | $3,041 | 6.1% | -$536 | 6.1% |
| 3. Motorcycle | 164,552 | $836 | 1.4% | $710 | 1.4% | -$125 | 1.4% |
| 4. Farm, Farm Combination, LOG | 18,160 | $93 | 0.1% | $79 | 0.1% | -$14 | 0.1% |
| 5. Motorhome | 81,509 | $1,897 | 3.2% | $1,612 | 3.2% | -$284 | 3.2% |
| 6. Passenger Car | 3,936,027 | $41,143 | 70.8% | $34,971 | 70.8% | -$6,171 | 70.8% |
| 7. Utility Trailer | 472,080 | $387 | 0.6% | $329 | 0.6% | -$58 | 0.6% |
| 8. Truck, Personal Use | 1,199,303 | $9,988 | 17.2% | $8,490 | 17.2% | -$1,498 | 17.2% |
| All | 6,163,102 | $58,069 | 100.0% | $49,359 | 100.0% | -$8,710 | 100.0% |

## *Alternative 4 - Table 2 - RTA*
## *Tax Base = MSRP, Tax Base = 85% MSRP, Depreciation = Current Schedules*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.35%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $24 | 0.1% | -$4 | 0.1% | $0.08 | $0.08 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $375 | 2.0% | -$66 | 2.0% | $1.32 | $1.31 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $257 | 1.3% | -$45 | 1.3% | $0.90 | $0.90 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $374 | 2.0% | -$66 | 2.0% | $1.32 | $1.31 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $15,332 | 82.4% | -$2,705 | 82.4% | $54.11 | $53.66 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $70 | 0.3% | -$12 | 0.3% | $0.24 | $0.24 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $2,156 | 11.5% | -$380 | 11.5% | $7.61 | $7.54 |
| All | 2,102,531 | $21,872 | 100.0% | $18,591 | 100.0% | -$3,280 | 100.0% | $65.61 | $65.07 |

## *Alternative 4 - Table 3 - Monorail*
## *Tax Base = MSRP, Tax Base = 85% MSRP, Depreciation = Current Schedules*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.65%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 518 | $7 | 0.2% | $6 | 0.2% | -$1 | 0.2% | $0.10 | $0.10 |
| 2. Trucks - Commercial, Combination | 14,899 | $159 | 4.6% | $135 | 4.6% | -$23 | 4.6% | $2.23 | $2.23 |
| 3. Motorcycle | 8,627 | $28 | 0.8% | $24 | 0.8% | -$4 | 0.8% | $0.40 | $0.40 |
| 4. Farm, Farm Combination, LOG | 8 | $0 | 0.0% | $0 | 0.0% | -$0 | 0.0% | $0.00 | $0.00 |
| 5. Motorhome | 1,480 | $16 | 0.4% | $14 | 0.4% | -$2 | 0.4% | $0.23 | $0.23 |
| 6. Passenger Car | 292,267 | $2,906 | 85.5% | $2,470 | 85.5% | -$435 | 85.5% | $40.68 | $40.75 |
| 7. Utility Trailer | 8,881 | $4 | 0.1% | $4 | 0.1% | -$0 | 0.1% | $0.06 | $0.06 |
| 8. Truck, Personal Use | 40,037 | $274 | 8.0% | $233 | 8.0% | -$41 | 8.0% | $3.84 | $3.84 |
| All | 366,717 | $3,397 | 100.0% | $2,888 | 100.0% | -$509 | 100.0% | $47.57 | $47.65 |

## *Alternative 4 - Table 4 - Statewide*
## *Tax Base = MSRP, Depreciation = Current Schedules*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 21,718 | -3,833 | (15%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 10,642 | -1,878 | (15%) |
| **3. Motorcycle** | 164,552 | 5,083 | 4,321 | -762 | (15%) |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 4,384 | -774 | (15%) |
| **5. Motorhome** | 81,509 | 23,278 | 19,786 | -3,492 | (15%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 8,885 | -1,568 | (15%) |
| **7. Utility Trailer** | 472,080 | 820 | 697 | -123 | (15%) |
| **8. Truck, Personal Use** | 1,199,303 | 8,329 | 7,079 | -1,249 | (15%) |
| **All** | 6,163,102 | 9,422 | 8,009 | -1,413 | (15%) |

## *Alternative 4 - Table 5 - RTA*
## *Tax Base = MSRP, Tax Base = 85% MSRP, Depreciation = Current Schedules*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.35%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 12,121 | -2,139 | (15%) | 43 | 42 | -0 | (.8%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 7,837 | -1,383 | (15%) | 28 | 27 | -0 | (.8%) |
| **3. Motorcycle** | 56,941 | 5,315 | 4,517 | -797 | (15%) | 16 | 16 | -0 | (.8%) |
| **5. Motorhome** | 18,460 | 23,878 | 20,297 | -3,582 | (15%) | 72 | 71 | -1 | (.8%) |
| **6. Passenger Car** | 1,567,006 | 11,512 | 9,785 | -1,727 | (15%) | 35 | 34 | -0 | (.8%) |
| **7. Utility Trailer** | 109,443 | 755 | 642 | -113 | (15%) | 2 | 2 | -0 | (.8%) |
| **8. Truck, Personal Use** | 300,754 | 8,436 | 7,170 | -1,265 | (15%) | 25 | 25 | -0 | (.8%) |
| **All** | 2,102,531 | 10,403 | 8,842 | -1,560 | (15%) | 31 | 31 | -0 | (.8%) |

## *Alternative 4 - Table 6 - Monorail*
## *Tax Base = MSRP, Tax Base = 85% MSRP, Depreciation = Current Schedules*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.65%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

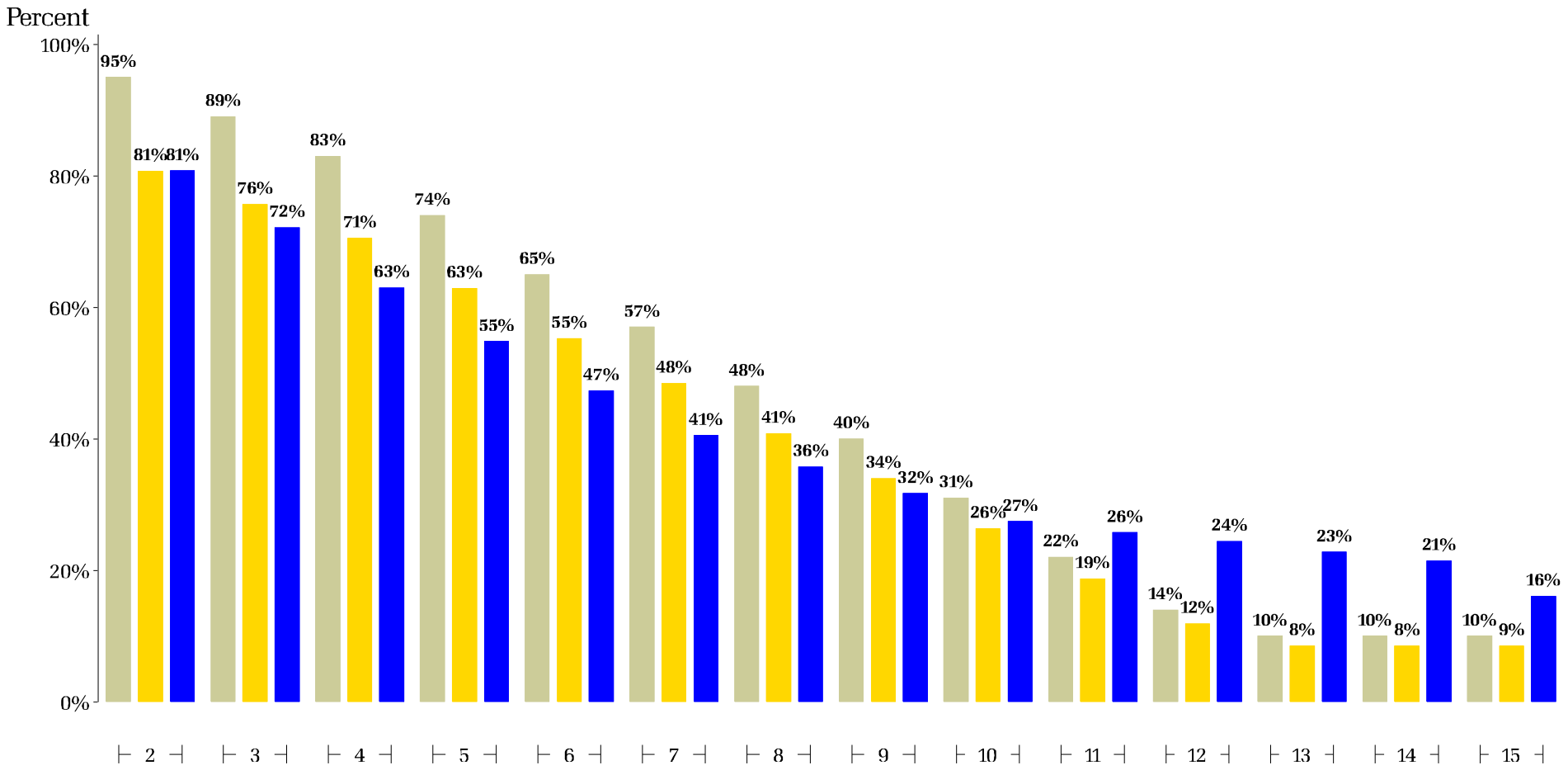
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 12,200 | -2,153 | (15%) | 201 | 201 | 0 | .2% |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 9,099 | -1,606 | (15%) | 150 | 150 | 0 | .2% |
| **3. Motorcycle** | 8,627 | 3,324 | 2,826 | -499 | (15%) | 47 | 47 | 0 | .2% |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 690 | -122 | (15%) | 11 | 11 | 0 | .2% |
| **5. Motorhome** | 1,480 | 11,431 | 9,716 | -1,715 | (15%) | 160 | 160 | 0 | .2% |
| **6. Passenger Car** | 292,267 | 9,943 | 8,452 | -1,491 | (15%) | 139 | 139 | 0 | .2% |
| **7. Utility Trailer** | 8,881 | 554 | 471 | -83 | (15%) | 8 | 8 | 0 | .2% |
| **8. Truck, Personal Use** | 40,037 | 6,852 | 5,824 | -1,028 | (15%) | 96 | 96 | 0 | .2% |
| **All** | 366,717 | 9,266 | 7,876 | -1,390 | (15%) | 130 | 130 | 0 | .2% |

## Alternative 4 Tax Base = 85% MSRP, Depreciation = Current Schedules

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

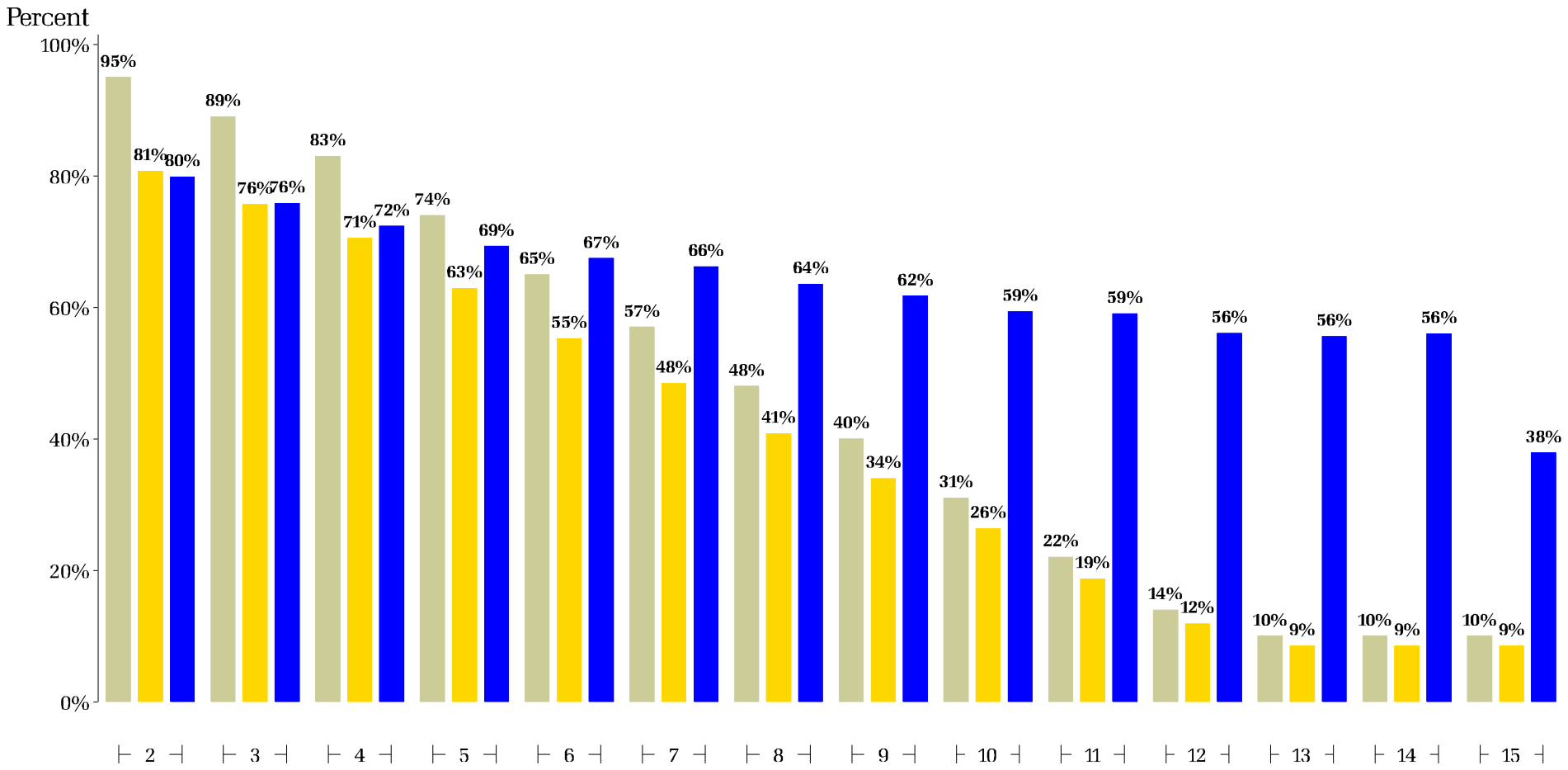
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 4 Tax Base = 85% MSRP, Depreciation = Current Schedules

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

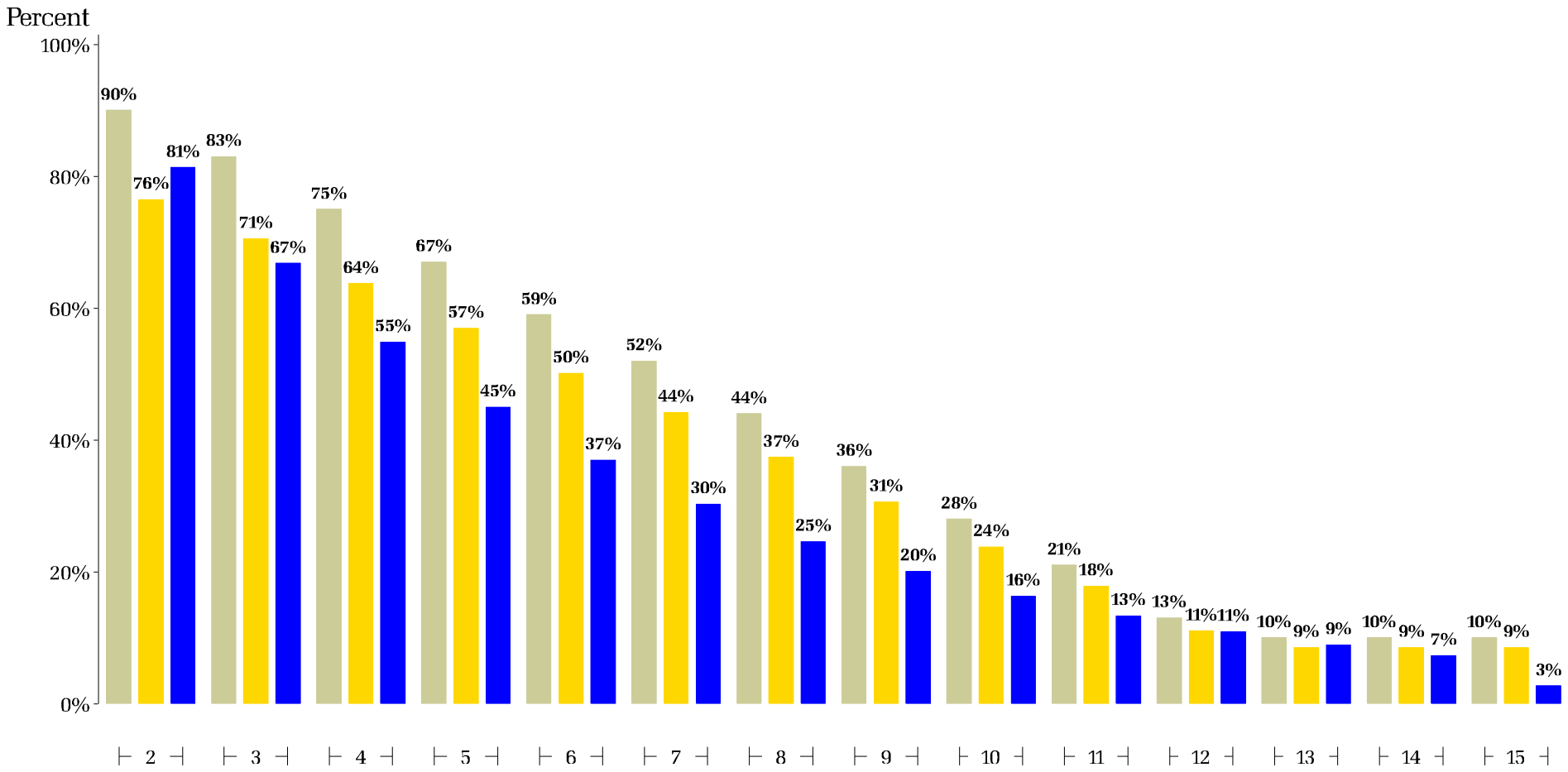
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 4 Tax Base = 85% MSRP, Depreciation = Current Schedules

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

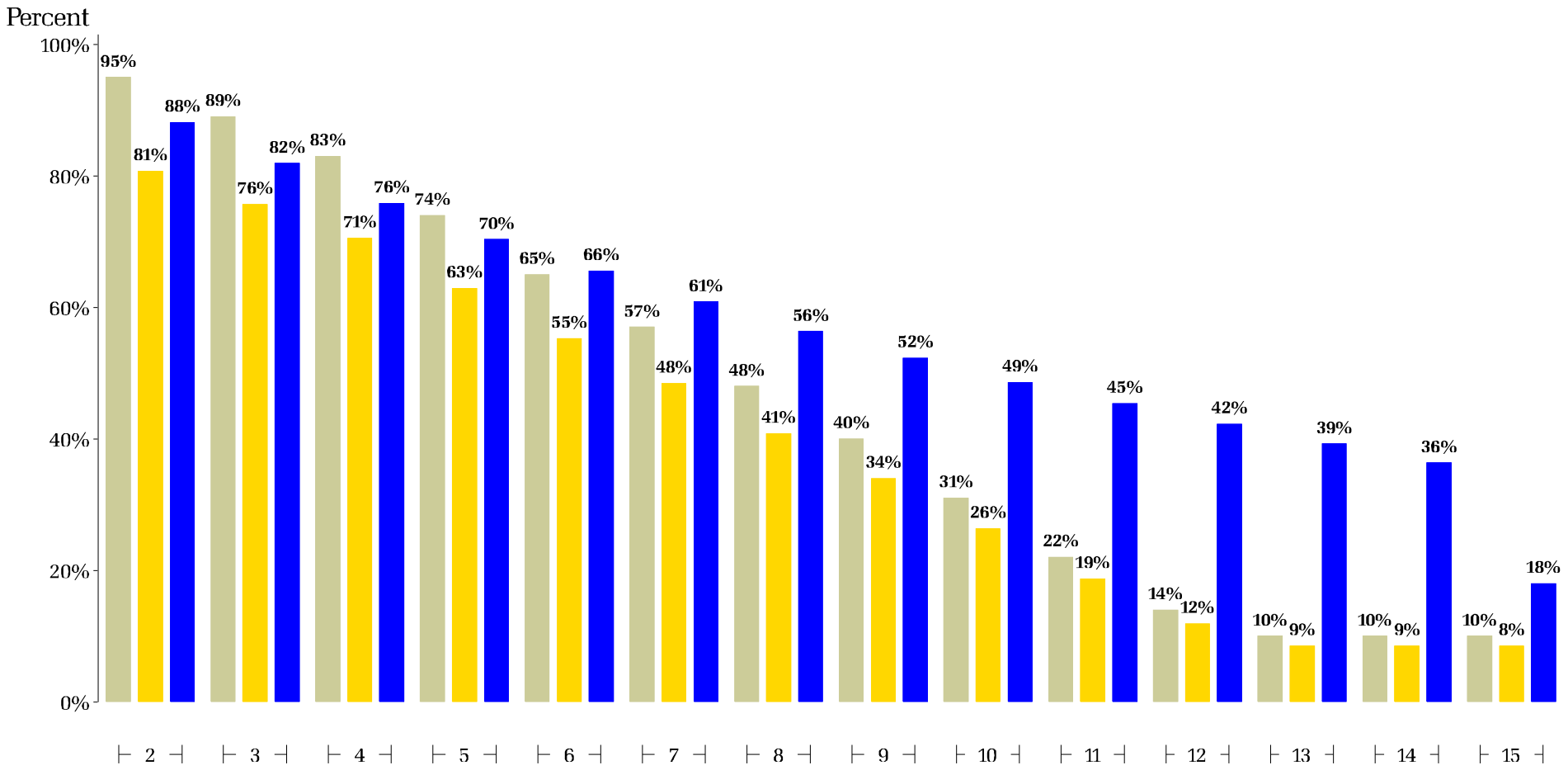
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 4 Tax Base = 85% MSRP, Depreciation = Current Schedules

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

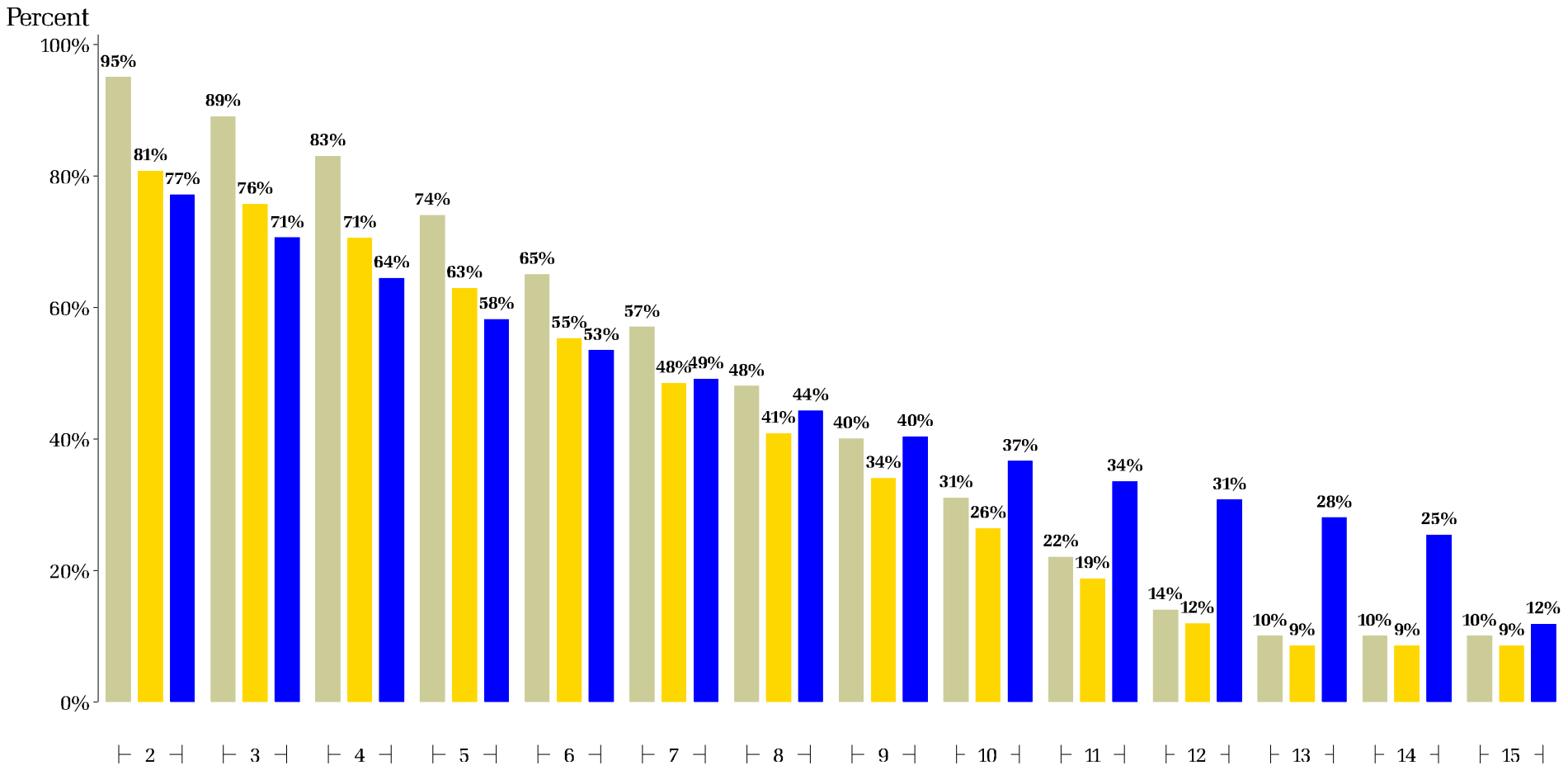
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 4 Tax Base = 85% MSRP, Depreciation = Current Schedules

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 5 - Table 1 - Statewide*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| **Use Class** | | | | | | | |
| **1. Other** | 5,667 | $144 | 0.2% | $110 | 0.2% | -$34 | 0.2% |
| **2. Trucks - Commercial, Combination** | 285,804 | $3,578 | 6.1% | $2,839 | 6.5% | -$739 | 5.1% |
| **3. Motorcycle** | 164,552 | $836 | 1.4% | $614 | 1.4% | -$222 | 1.5% |
| **4. Farm, Farm Combination, LOG** | 18,160 | $93 | 0.1% | $72 | 0.1% | -$20 | 0.1% |
| **5. Motorhome** | 81,509 | $1,897 | 3.2% | $1,455 | 3.3% | -$441 | 3.0% |
| **6. Passenger Car** | 3,936,027 | $41,143 | 70.8% | $30,553 | 70.0% | -$10,589 | 73.3% |
| **7. Utility Trailer** | 472,080 | $387 | 0.6% | $294 | 0.6% | -$93 | 0.6% |
| **8. Truck, Personal Use** | 1,199,303 | $9,988 | 17.2% | $7,696 | 17.6% | -$2,292 | 15.8% |
| **All** | 6,163,102 | $58,069 | 100.0% | $43,636 | 100.0% | -$14,433 | 100.0% |

## *Alternative 5 - Table 2 - RTA*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $19 | 0.1% | -$9 | 0.1% | $0.08 | $0.07 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $328 | 2.0% | -$113 | 1.9% | $1.32 | $1.34 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $222 | 1.3% | -$80 | 1.3% | $0.90 | $0.91 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $338 | 2.0% | -$102 | 1.7% | $1.32 | $1.38 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $13,241 | 82.2% | -$4,797 | 83.2% | $54.11 | $54.29 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $62 | 0.3% | -$19 | 0.3% | $0.24 | $0.25 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $1,894 | 11.7% | -$642 | 11.1% | $7.61 | $7.76 |
| All | 2,102,531 | $21,872 | 100.0% | $16,106 | 100.0% | -$5,765 | 100.0% | $65.61 | $66.03 |

## *Alternative 5 - Table 3 - Monorail*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.93%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | $7 | 0.2% | $5 | 0.2% | -$2 | 0.2% | $0.10 | $0.09 |
| **2. Trucks - Commercial, Combination** | 14,899 | $159 | 4.6% | $116 | 4.7% | -$43 | 4.6% | $2.23 | $2.24 |
| **3. Motorcycle** | 8,627 | $28 | 0.8% | $20 | 0.8% | -$8 | 0.8% | $0.40 | $0.39 |
| **4. Farm, Farm Combination, LOG** | 8 | $0 | 0.0% | $0 | 0.0% | $0 | -0.0% | $0.00 | $0.00 |
| **5. Motorhome** | 1,480 | $16 | 0.4% | $13 | 0.5% | -$3 | 0.3% | $0.23 | $0.26 |
| **6. Passenger Car** | 292,267 | $2,906 | 85.5% | $2,106 | 85.3% | -$799 | 86.1% | $40.68 | $40.66 |
| **7. Utility Trailer** | 8,881 | $4 | 0.1% | $3 | 0.1% | -$1 | 0.1% | $0.06 | $0.07 |
| **8. Truck, Personal Use** | 40,037 | $274 | 8.0% | $203 | 8.2% | -$70 | 7.6% | $3.84 | $3.93 |
| **All** | 366,717 | $3,397 | 100.0% | $2,469 | 100.0% | -$928 | 100.0% | $47.57 | $47.66 |

## *Alternative 5 - Table 4 - Statewide*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 19,474 | -6,077 | (24%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 9,934 | -2,587 | (21%) |
| **3. Motorcycle** | 164,552 | 5,083 | 3,732 | -1,351 | (27%) |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 4,017 | -1,140 | (22%) |
| **5. Motorhome** | 81,509 | 23,278 | 17,862 | -5,416 | (23%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 7,763 | -2,690 | (26%) |
| **7. Utility Trailer** | 472,080 | 820 | 623 | -197 | (24%) |
| **8. Truck, Personal Use** | 1,199,303 | 8,329 | 6,417 | -1,911 | (23%) |
| **All** | 6,163,102 | 9,422 | 7,080 | -2,342 | (25%) |

## *Alternative 5 - Table 5 - RTA*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 9,613 | -4,648 | (33%) | 43 | 39 | -3 | ( 8%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 6,853 | -2,367 | (26%) | 28 | 28 | 0 | 2% |
| **3. Motorcycle** | 56,941 | 5,315 | 3,907 | -1,408 | (26%) | 16 | 16 | 0 | .5% |
| **5. Motorhome** | 18,460 | 23,878 | 18,316 | -5,562 | (23%) | 72 | 75 | 3 | 5% |
| **6. Passenger Car** | 1,567,006 | 11,512 | 8,450 | -3,061 | (27%) | 35 | 35 | 0 | .3% |
| **7. Utility Trailer** | 109,443 | 755 | 574 | -182 | (24%) | 2 | 2 | 0 | 4% |
| **8. Truck, Personal Use** | 300,754 | 8,436 | 6,298 | -2,137 | (25%) | 25 | 26 | 1 | 2% |
| **All** | 2,102,531 | 10,403 | 7,661 | -2,742 | (26%) | 31 | 31 | 0 | .6% |

## *Alternative 5 - Table 6 - Monorail*
## *Tax Base = 100% of Purchase Price for Heavy and Medium Trucks*
## *Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.93%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

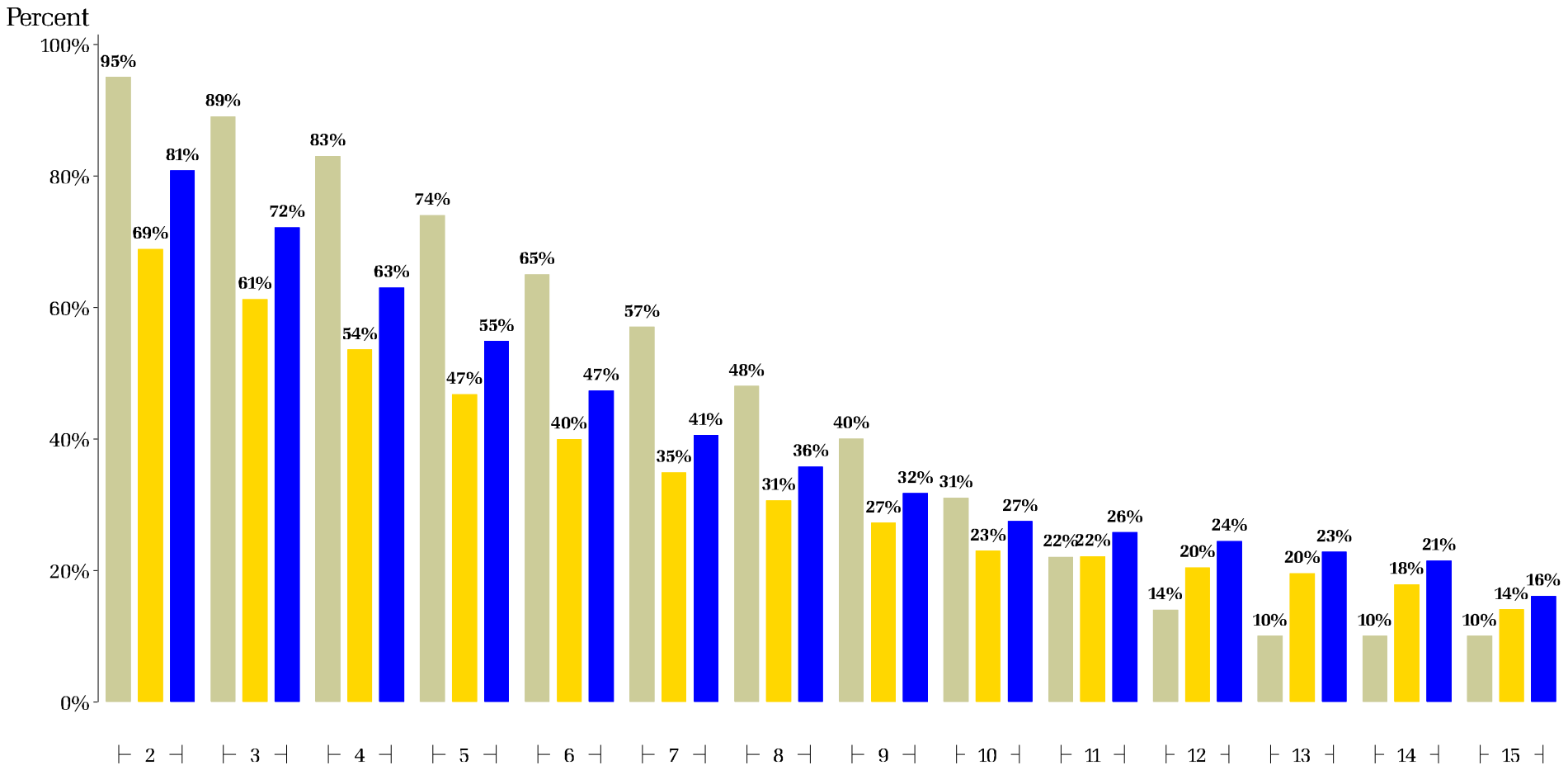
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 9,837 | -4,516 | (31%) | 201 | 190 | -11 | ( 6%) |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 7,817 | -2,888 | (27%) | 150 | 151 | 1 | .7% |
| **3. Motorcycle** | 8,627 | 3,324 | 2,372 | -952 | (29%) | 47 | 46 | -1 | ( 2%) |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 1,040 | 228 | 28% | 11 | 20 | 9 | 77% |
| **5. Motorhome** | 1,480 | 11,431 | 9,143 | -2,288 | (20%) | 160 | 176 | 16 | 10% |
| **6. Passenger Car** | 292,267 | 9,943 | 7,209 | -2,735 | (28%) | 139 | 139 | -0 | (.1%) |
| **7. Utility Trailer** | 8,881 | 554 | 415 | -139 | (25%) | 8 | 8 | 0 | 3% |
| **8. Truck, Personal Use** | 40,037 | 6,852 | 5,087 | -1,765 | (26%) | 96 | 98 | 2 | 2% |
| **All** | 366,717 | 9,266 | 6,735 | -2,531 | (27%) | 130 | 130 | 0 | .2% |

## Alternative 5 Tax Base = 85% MSRP, Depreciation = Market Based

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

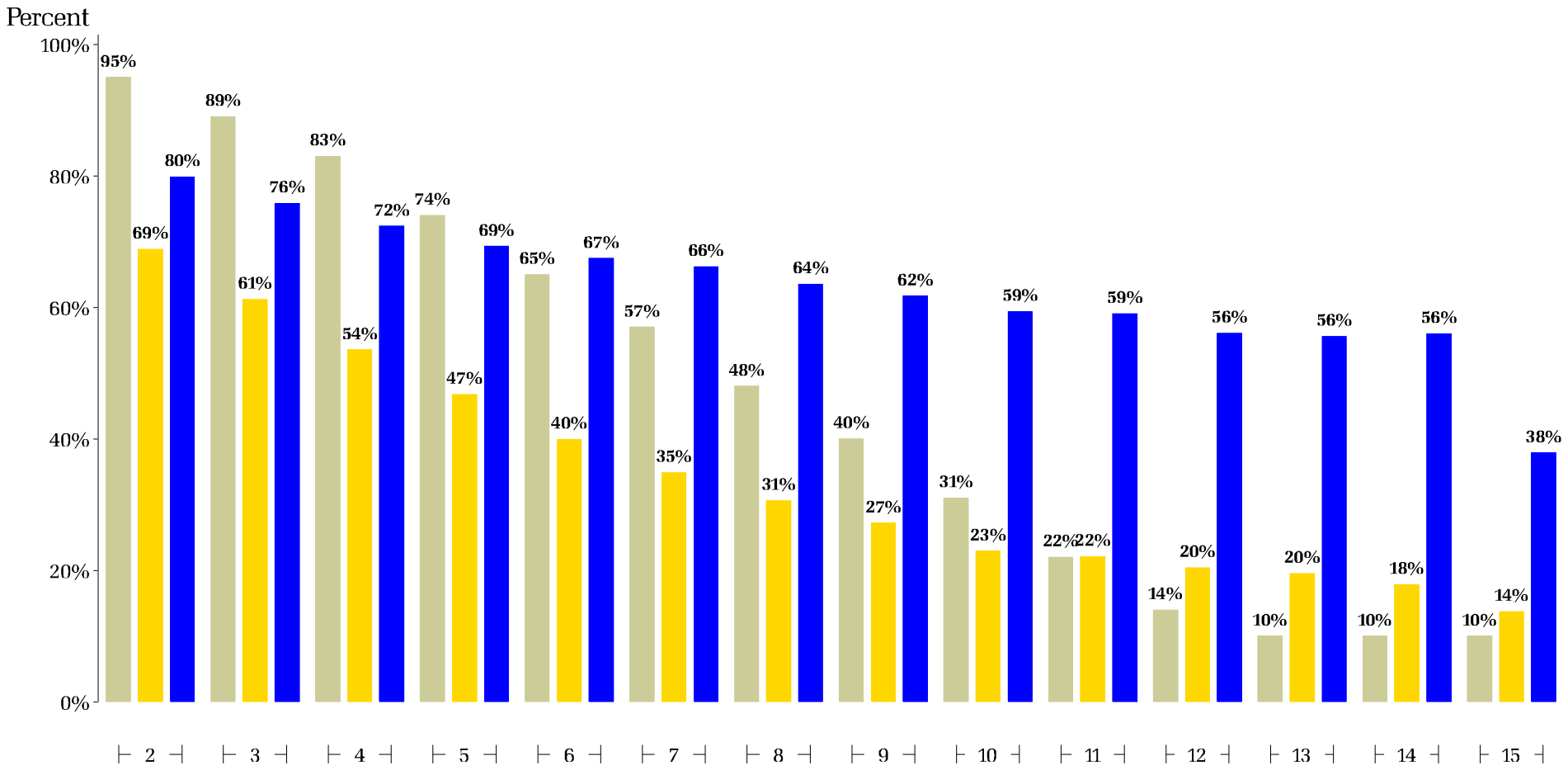
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 5 Tax Base = 85% MSRP, Depreciation = Market Based

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

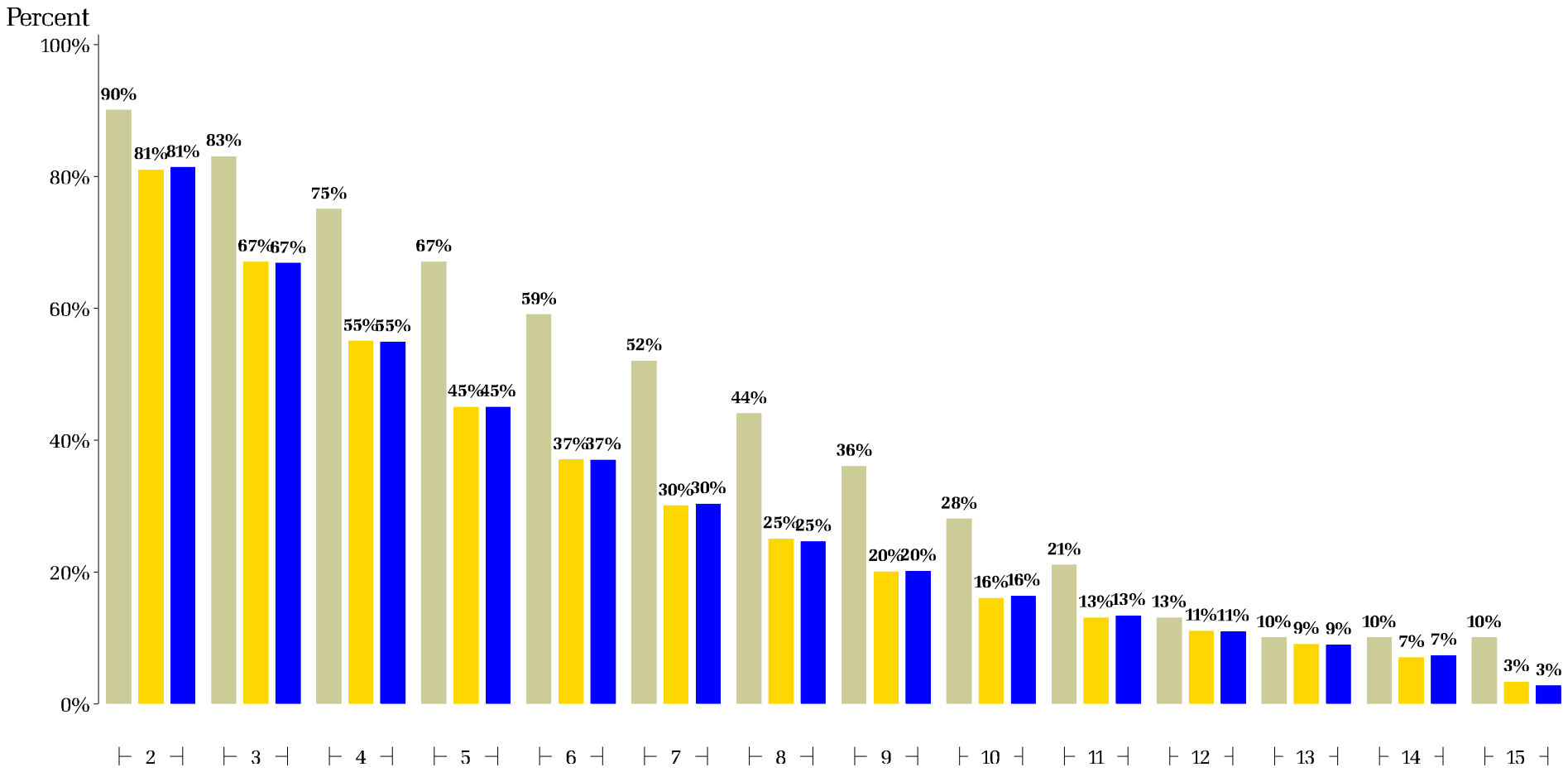
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 5 Tax Base = 100% of Purchase Price, Depreciation = Market Based**

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

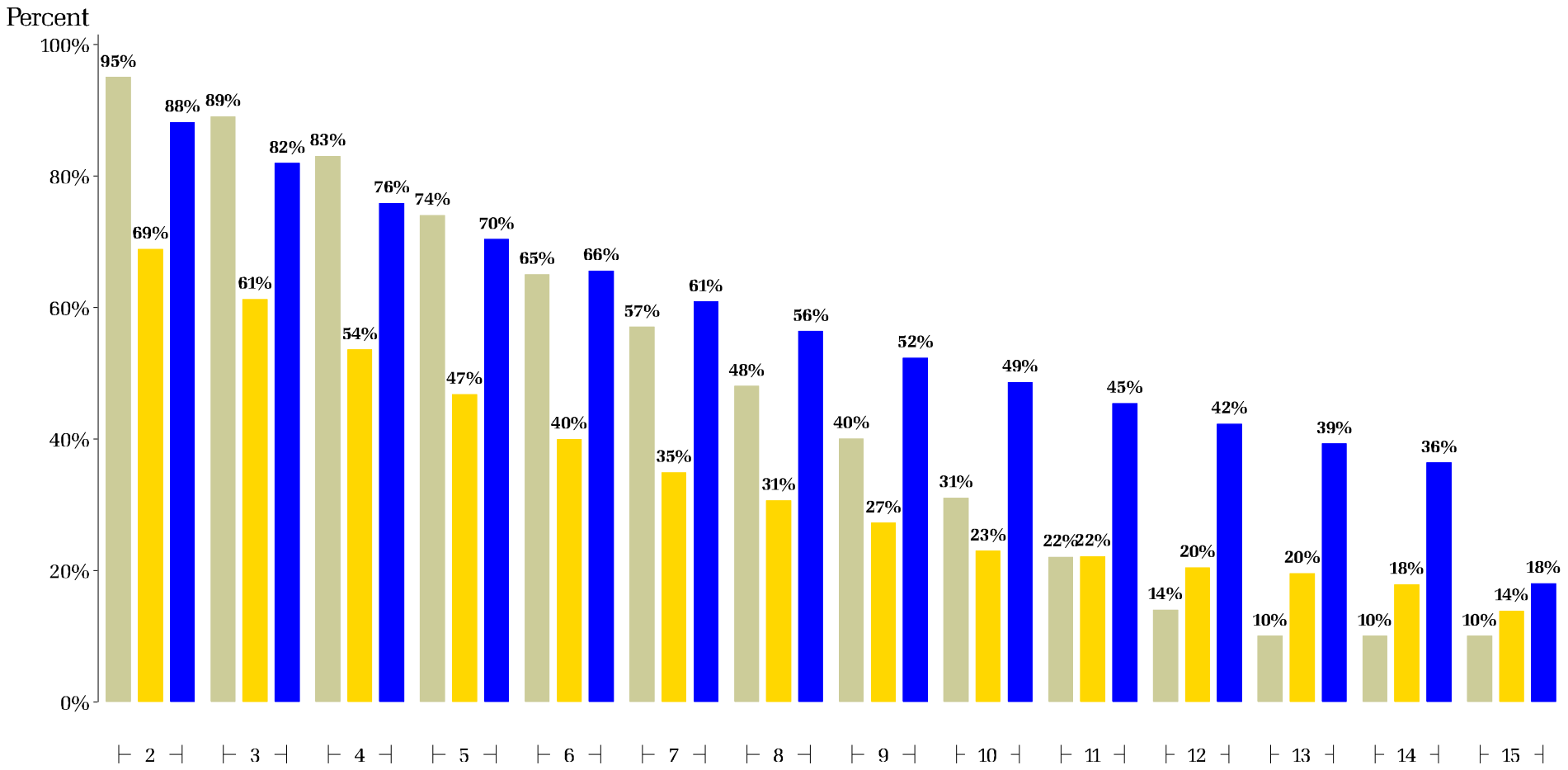
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 5 Tax Base = 85% MSRP, Depreciation = Market Based**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

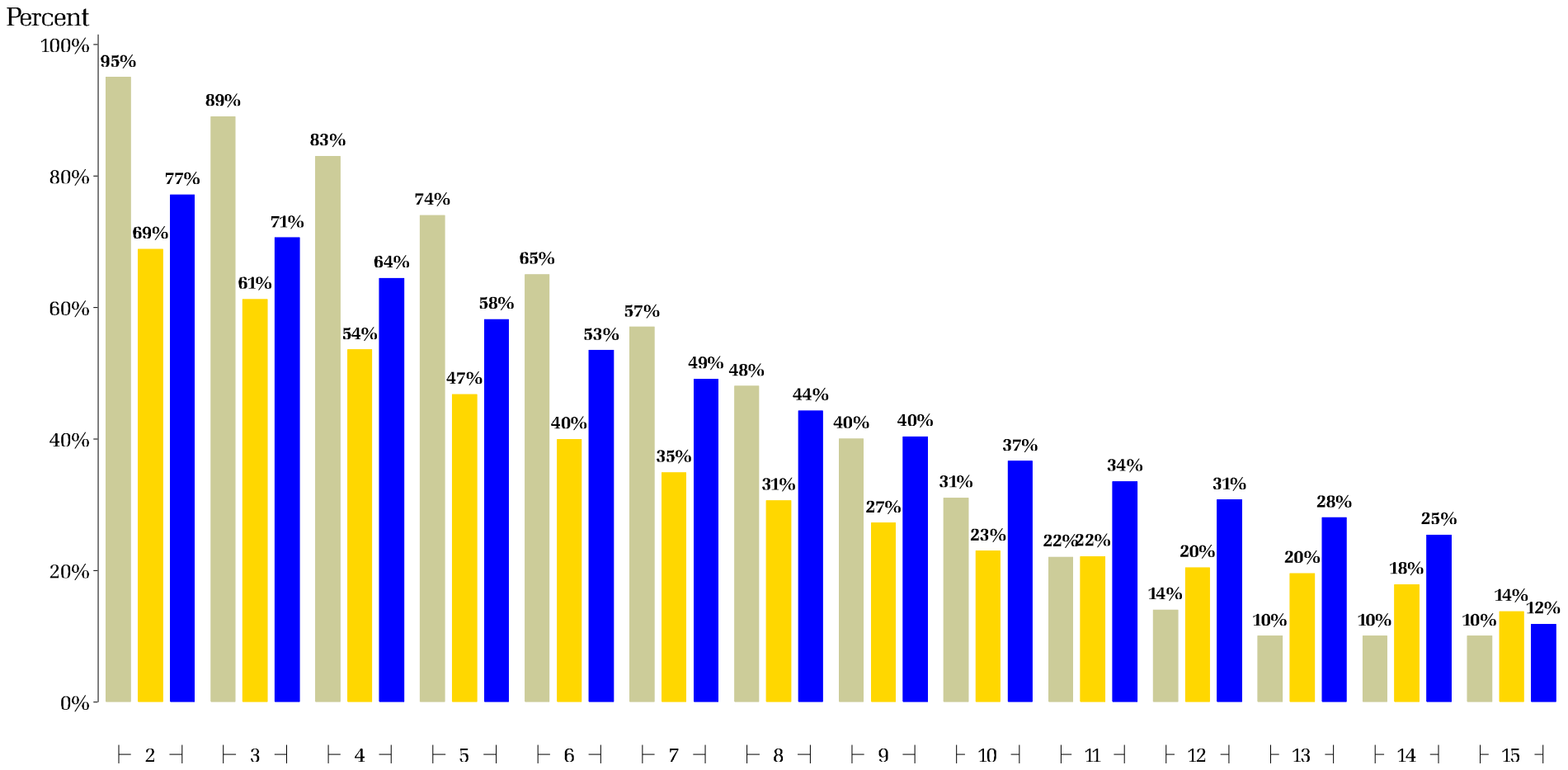
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 5 Tax Base = 85% MSRP, Depreciation = Market Based**

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | ACURA | | | BMW | | | BUICK | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 4,210 | 96 | 95 | 3,517 | 112 | 111 | 3,908 | 75 | 74 |
| Year 3 | 4,003 | 87 | 82 | 3,703 | 104 | 98 | 4,762 | 67 | 63 |
| Year 4 | 4,215 | 79 | 69 | 4,786 | 97 | 86 | 5,065 | 61 | 53 |
| Year 5 | 4,203 | 68 | 59 | 5,167 | 86 | 74 | 4,413 | 54 | 47 |
| Year 6 | 3,456 | 56 | 47 | 3,747 | 76 | 64 | 5,029 | 46 | 39 |
| Year 7 | 3,462 | 48 | 40 | 3,147 | 68 | 57 | 5,167 | 40 | 33 |
| Year 8 | 3,316 | 40 | 35 | 3,113 | 59 | 51 | 5,051 | 33 | 29 |
| Year 9 | 3,341 | 33 | 31 | 2,763 | 47 | 44 | 4,612 | 27 | 25 |
| Year 10 | 3,149 | 25 | 25 | 2,085 | 35 | 35 | 5,147 | 20 | 20 |
| Year 11 | 3,036 | 17 | 23 | 2,336 | 25 | 35 | 5,291 | 14 | 19 |
| Year 12 | 3,414 | 11 | 21 | 1,706 | 16 | 31 | 5,331 | 8 | 16 |
| Year 13 | 2,946 | 7 | 19 | 1,412 | 11 | 29 | 5,398 | 6 | 15 |
| Year 14 | 3,768 | 7 | 17 | 1,461 | 10 | 25 | 6,184 | 5 | 13 |
| Year 15 &up | 14,581 | 6 | 12 | 11,596 | 8 | 16 | 31,048 | 4 | 8 |
| All | 61,100 | 37 | 38 | 50,539 | 55 | 54 | 96,406 | 24 | 25 |

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | CADILLAC | | | CHEVROLET | | | CHRYSLER | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 2,801 | 131 | 129 | 34,240 | 76 | 76 | 8,378 | 71 | 71 |
| Year 3 | 2,557 | 119 | 112 | 33,526 | 72 | 68 | 7,600 | 63 | 59 |
| Year 4 | 2,509 | 112 | 98 | 35,445 | 65 | 57 | 9,303 | 56 | 50 |
| Year 5 | 2,426 | 95 | 82 | 36,276 | 52 | 45 | 9,406 | 50 | 43 |
| Year 6 | 2,866 | 83 | 70 | 37,777 | 44 | 37 | 6,203 | 49 | 41 |
| Year 7 | 2,696 | 71 | 59 | 34,644 | 38 | 32 | 5,011 | 45 | 37 |
| Year 8 | 2,533 | 58 | 51 | 33,575 | 30 | 26 | 4,235 | 37 | 32 |
| Year 9 | 2,819 | 48 | 45 | 31,316 | 24 | 23 | 4,738 | 30 | 28 |
| Year 10 | 2,377 | 37 | 37 | 29,949 | 18 | 18 | 4,675 | 22 | 22 |
| Year 11 | 2,466 | 25 | 35 | 29,614 | 12 | 17 | 3,625 | 15 | 20 |
| Year 12 | 2,779 | 15 | 31 | 27,442 | 7 | 14 | 3,283 | 9 | 19 |
| Year 13 | 2,776 | 11 | 28 | 23,593 | 5 | 13 | 2,433 | 6 | 16 |
| Year 14 | 2,831 | 10 | 24 | 24,242 | 4 | 11 | 1,786 | 6 | 14 |
| Year 15 &up | 22,494 | 6 | 12 | 273,070 | 3 | 5 | 14,687 | 4 | 8 |
| All | 56,930 | 40 | 42 | 684,709 | 23 | 23 | 85,363 | 37 | 36 |

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DODGE | | | FORD | | | HONDA | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 16,137 | 69 | 69 | 38,104 | 72 | 71 | 23,549 | 65 | 64 |
| Year 3 | 18,963 | 63 | 59 | 43,384 | 65 | 61 | 24,509 | 60 | 56 |
| Year 4 | 22,231 | 57 | 50 | 48,114 | 59 | 52 | 23,460 | 53 | 47 |
| Year 5 | 23,205 | 50 | 43 | 52,121 | 50 | 43 | 24,818 | 47 | 40 |
| Year 6 | 24,280 | 43 | 36 | 57,264 | 43 | 37 | 24,479 | 40 | 33 |
| Year 7 | 25,259 | 37 | 31 | 58,875 | 37 | 31 | 22,997 | 33 | 28 |
| Year 8 | 22,839 | 29 | 26 | 57,709 | 30 | 26 | 23,615 | 27 | 23 |
| Year 9 | 20,507 | 23 | 22 | 58,435 | 25 | 23 | 21,141 | 22 | 20 |
| Year 10 | 18,569 | 17 | 17 | 54,532 | 18 | 18 | 18,890 | 17 | 17 |
| Year 11 | 14,891 | 11 | 16 | 54,479 | 12 | 16 | 18,151 | 12 | 16 |
| Year 12 | 14,388 | 7 | 14 | 55,212 | 7 | 14 | 17,245 | 7 | 14 |
| Year 13 | 12,216 | 5 | 13 | 46,496 | 5 | 13 | 16,636 | 5 | 13 |
| Year 14 | 11,433 | 5 | 11 | 41,108 | 5 | 11 | 18,755 | 4 | 11 |
| Year 15 &up | 73,624 | 3 | 5 | 307,442 | 3 | 5 | 91,493 | 4 | 7 |
| All | 318,542 | 28 | 27 | 973,275 | 23 | 23 | 369,738 | 25 | 25 |

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | LEXUS | | | LINCOLN | | | MERCURY | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 4,557 | 114 | 113 | 1,523 | 129 | 128 | 1,891 | 80 | 79 |
| Year 3 | 3,935 | 105 | 99 | 1,514 | 119 | 112 | 2,401 | 69 | 65 |
| Year 4 | 4,226 | 97 | 85 | 1,591 | 103 | 91 | 3,298 | 58 | 51 |
| Year 5 | 4,491 | 85 | 74 | 2,152 | 89 | 77 | 3,193 | 50 | 43 |
| Year 6 | 4,087 | 73 | 61 | 2,276 | 77 | 65 | 4,666 | 42 | 35 |
| Year 7 | 3,814 | 65 | 54 | 2,076 | 69 | 58 | 5,423 | 35 | 29 |
| Year 8 | 2,446 | 55 | 48 | 2,307 | 57 | 50 | 5,169 | 29 | 26 |
| Year 9 | 1,880 | 46 | 42 | 1,998 | 46 | 43 | 5,969 | 24 | 22 |
| Year 10 | 1,643 | 37 | 38 | 1,700 | 37 | 37 | 5,570 | 17 | 17 |
| Year 11 | 1,505 | 26 | 35 | 1,890 | 25 | 34 | 6,159 | 12 | 16 |
| Year 12 | 1,504 | 16 | 31 | 1,903 | 15 | 30 | 6,196 | 7 | 14 |
| Year 13 | 1,733 | 11 | 29 | 1,646 | 10 | 28 | 5,279 | 5 | 13 |
| Year 14 | 1,607 | 10 | 25 | 1,684 | 9 | 23 | 3,663 | 5 | 11 |
| Year 15 &up | 1,745 | 9 | 21 | 10,875 | 7 | 14 | 20,127 | 3 | 7 |
| All | 39,173 | 68 | 65 | 35,135 | 43 | 44 | 79,004 | 21 | 22 |

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MERCEDES-BENZ | | | NISSAN | | | PONTIAC | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 2,415 | 141 | 140 | 10,427 | 69 | 69 | 5,225 | 59 | 59 |
| Year 3 | 2,700 | 129 | 121 | 8,411 | 61 | 58 | 4,307 | 56 | 52 |
| Year 4 | 3,029 | 116 | 103 | 9,668 | 54 | 48 | 5,105 | 52 | 46 |
| Year 5 | 3,630 | 107 | 93 | 10,831 | 48 | 41 | 5,416 | 46 | 40 |
| Year 6 | 3,707 | 92 | 77 | 10,195 | 43 | 36 | 6,165 | 39 | 33 |
| Year 7 | 3,687 | 77 | 65 | 8,938 | 37 | 31 | 6,127 | 33 | 28 |
| Year 8 | 2,632 | 65 | 57 | 10,402 | 29 | 25 | 5,654 | 27 | 23 |
| Year 9 | 1,646 | 61 | 57 | 12,490 | 24 | 22 | 5,838 | 21 | 19 |
| Year 10 | 1,432 | 50 | 50 | 12,415 | 18 | 18 | 4,596 | 15 | 15 |
| Year 11 | 1,374 | 36 | 50 | 13,271 | 12 | 17 | 4,867 | 10 | 14 |
| Year 12 | 1,104 | 24 | 47 | 13,114 | 7 | 14 | 4,951 | 6 | 13 |
| Year 13 | 1,059 | 17 | 47 | 10,553 | 5 | 13 | 4,564 | 4 | 12 |
| Year 14 | 1,343 | 17 | 42 | 8,745 | 4 | 11 | 4,085 | 4 | 10 |
| Year 15 &up | 19,154 | 10 | 19 | 66,292 | 3 | 6 | 24,765 | 3 | 6 |
| All | 48,912 | 55 | 56 | 205,752 | 21 | 22 | 91,665 | 22 | 22 |

## *Alternative 5 - Table 7 - RTA*

### *Tax Base = 85% of MSRP, Depreciation = Market Based*
### *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | SUBARU | | | TOYOTA | | | VOLKSWAGEN | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 9,552 | 69 | 69 | 35,830 | 63 | 63 | 7,882 | 69 | 68 |
| Year 3 | 10,966 | 63 | 59 | 30,875 | 59 | 55 | 10,016 | 60 | 56 |
| Year 4 | 10,993 | 58 | 52 | 30,317 | 55 | 49 | 11,676 | 53 | 47 |
| Year 5 | 11,092 | 52 | 45 | 31,360 | 48 | 42 | 12,636 | 46 | 40 |
| Year 6 | 10,065 | 44 | 37 | 29,857 | 42 | 35 | 11,407 | 40 | 33 |
| Year 7 | 10,337 | 38 | 31 | 28,871 | 36 | 30 | 8,881 | 32 | 27 |
| Year 8 | 9,260 | 31 | 27 | 26,607 | 30 | 26 | 6,073 | 25 | 22 |
| Year 9 | 7,889 | 25 | 24 | 25,705 | 24 | 22 | 5,074 | 20 | 19 |
| Year 10 | 6,221 | 19 | 19 | 21,511 | 18 | 18 | 4,198 | 15 | 15 |
| Year 11 | 4,532 | 12 | 16 | 22,001 | 12 | 16 | 3,092 | 11 | 15 |
| Year 12 | 4,697 | 7 | 14 | 22,079 | 7 | 14 | 2,159 | 7 | 13 |
| Year 13 | 5,979 | 5 | 13 | 20,018 | 5 | 12 | 1,754 | 5 | 13 |
| Year 14 | 5,710 | 5 | 11 | 21,378 | 4 | 10 | 1,891 | 4 | 10 |
| Year 15 &up | 26,230 | 3 | 7 | 140,999 | 3 | 6 | 38,843 | 2 | 4 |
| All | 133,523 | 32 | 30 | 487,408 | 25 | 25 | 125,582 | 28 | 27 |

## *Alternative 5 - Table 8 - RTA*
## *Current Tax and Alternative by Household Income*
## *Tax Base = 85% of MSRP, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.41%*
## *Including Only Households that own or lease vehicles*

| | Number of Vehicles | | Current Base | | Market Dep Base | | Current Tax (0.3% Rate) | | Alternative Tax (0.41% Rate) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Mean | Median | Mean | Median | Mean | Median | Mean | Median | Mean | Median |
| **Income** | | | | | | | | | | |
| **$0 to $20,000** | 1.48 | 1.00 | 8,435 | 5,460 | 7,914 | 5,426 | 25 | 16 | 28 | 19 |
| **$20,000 to $30,000** | 1.68 | 1.00 | 11,857 | 9,814 | 10,837 | 8,522 | 36 | 29 | 38 | 30 |
| **$30,000 to $40,000** | 1.85 | 2.00 | 14,800 | 12,950 | 13,104 | 11,074 | 44 | 39 | 46 | 39 |
| **$40,000 to $50,000** | 1.86 | 2.00 | 16,657 | 15,603 | 14,400 | 13,436 | 50 | 47 | 50 | 47 |
| **$50,000 to $60,000** | 2.21 | 2.00 | 20,139 | 18,295 | 17,533 | 15,366 | 60 | 55 | 61 | 54 |
| **$60,000 to $70,000** | 2.11 | 2.00 | 21,622 | 19,910 | 18,458 | 16,611 | 65 | 60 | 64 | 58 |
| **$70,000 to $80,000** | 2.39 | 2.00 | 26,686 | 23,626 | 23,021 | 19,550 | 80 | 71 | 80 | 68 |
| **$80,000 to $100,000** | 2.34 | 2.00 | 26,677 | 25,093 | 23,004 | 20,429 | 80 | 75 | 80 | 71 |
| **$100,000 to $130,000** | 2.52 | 2.00 | 31,594 | 29,057 | 27,305 | 24,571 | 95 | 87 | 95 | 86 |
| **Over $130,000** | 2.49 | 2.00 | 42,241 | 35,591 | 36,614 | 29,663 | 127 | 107 | 128 | 103 |

## *Alternative 6 - Table 1 - Statewide*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*

| | Statewide | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | |
| | Total | Total | Percent | Total | Percent | Total | Percent |
| Use Class | | | | | | | |
| 1. Other | 5,667 | $144 | 0.2% | $108 | 0.2% | -$36 | 0.5% |
| 2. Trucks - Commercial, Combination | 285,804 | $3,578 | 6.1% | $3,112 | 6.0% | -$465 | 7.2% |
| 3. Motorcycle | 164,552 | $836 | 1.4% | $947 | 1.8% | $110 | -1.7% |
| 4. Farm, Farm Combination, LOG | 18,160 | $93 | 0.1% | $75 | 0.1% | -$17 | 0.2% |
| 5. Motorhome | 81,509 | $1,897 | 3.2% | $1,828 | 3.5% | -$69 | 1.0% |
| 6. Passenger Car | 3,936,027 | $41,143 | 70.8% | $34,814 | 67.4% | -$6,328 | 98.3% |
| 7. Utility Trailer | 472,080 | $387 | 0.6% | $462 | 0.8% | $75 | -1.1% |
| 8. Truck, Personal Use | 1,199,303 | $9,988 | 17.2% | $10,283 | 19.9% | $294 | -4.5% |
| All | 6,163,102 | $58,069 | 100.0% | $51,633 | 100.0% | -$6,436 | 100.0% |

## *Alternative 6 - Table 2 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | RTA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 2,000 | $28 | 0.1% | $17 | 0.0% | -$11 | 0.4% | $0.08 | $0.05 |
| 2. Trucks - Commercial, Combination | 47,926 | $441 | 2.0% | $386 | 1.9% | -$55 | 2.2% | $1.32 | $1.31 |
| 3. Motorcycle | 56,941 | $302 | 1.3% | $336 | 1.7% | $33 | -1.3% | $0.90 | $1.14 |
| 5. Motorhome | 18,460 | $440 | 2.0% | $421 | 2.1% | -$18 | 0.7% | $1.32 | $1.43 |
| 6. Passenger Car | 1,567,006 | $18,038 | 82.4% | $15,501 | 80.0% | -$2,536 | 100.7% | $54.11 | $52.70 |
| 7. Utility Trailer | 109,443 | $82 | 0.3% | $97 | 0.5% | $14 | -0.5% | $0.24 | $0.33 |
| 8. Truck, Personal Use | 300,754 | $2,537 | 11.5% | $2,592 | 13.3% | $55 | -2.2% | $7.61 | $8.81 |
| All | 2,102,531 | $21,872 | 100.0% | $19,354 | 100.0% | -$2,518 | 100.0% | $65.61 | $65.80 |

## *Alternative 6 - Table 3 - Monorail*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.58%*
## *Number of Vehicles, MVET, Alternative, and Market Value for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | Monorail | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Current MVET Value (Mils) | | Alternative Value (Mils) | | Difference in Base (Mils) | | Current Tax (Mils) | Alternative Tax (Mils) |
| | Total | Total | Percent | Total | Percent | Total | Percent | Total | Total |
| Use Class | | | | | | | | | |
| 1. Other | 518 | $7 | 0.2% | $4 | 0.1% | -$2 | 0.6% | $0.10 | $0.07 |
| 2. Trucks - Commercial, Combination | 14,899 | $159 | 4.6% | $128 | 4.2% | -$30 | 7.8% | $2.23 | $2.03 |
| 3. Motorcycle | 8,627 | $28 | 0.8% | $34 | 1.1% | $5 | -1.4% | $0.40 | $0.54 |
| 4. Farm, Farm Combination, LOG | 8 | $0 | 0.0% | $0 | 0.0% | $0 | -0.0% | $0.00 | $0.00 |
| 5. Motorhome | 1,480 | $16 | 0.4% | $17 | 0.5% | $0 | -0.0% | $0.23 | $0.27 |
| 6. Passenger Car | 292,267 | $2,906 | 85.5% | $2,530 | 84.1% | -$375 | 95.9% | $40.68 | $39.97 |
| 7. Utility Trailer | 8,881 | $4 | 0.1% | $6 | 0.2% | $1 | -0.3% | $0.06 | $0.09 |
| 8. Truck, Personal Use | 40,037 | $274 | 8.0% | $284 | 9.4% | $10 | -2.6% | $3.84 | $4.49 |
| All | 366,717 | $3,397 | 100.0% | $3,005 | 100.0% | -$391 | 100.0% | $47.57 | $47.49 |

## *Alternative 6 - Table 4 - Statewide*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *Statewide - Number of Vehicles, Mean Value and Tax for FY2005*

| | Number | Current MVET Value | Alternative Value | Difference in Base | Percent Difference |
|---|---|---|---|---|---|
| **Use Class** | | | | | |
| **1. Other** | 5,667 | 25,551 | 19,180 | -6,371 | (25%) |
| **2. Trucks - Commercial, Combination** | 285,804 | 12,520 | 10,892 | -1,628 | (13%) |
| **3. Motorcycle** | 164,552 | 5,083 | 5,756 | 673 | 13% |
| **4. Farm, Farm Combination, LOG** | 18,160 | 5,157 | 4,166 | -991 | (19%) |
| **5. Motorhome** | 81,509 | 23,278 | 22,430 | -847 | ( 4%) |
| **6. Passenger Car** | 3,936,027 | 10,453 | 8,845 | -1,608 | (15%) |
| **7. Utility Trailer** | 472,080 | 820 | 980 | 159 | 19% |
| **8. Truck, Personal Use** | 1,199,303 | 8,329 | 8,574 | 246 | 3% |
| **All** | 6,163,102 | 9,422 | 8,378 | -1,044 | (11%) |

## *Alternative 6 - Table 5 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 2,000 | 14,261 | 8,592 | -5,669 | (40%) | 43 | 29 | -14 | (32%) |
| **2. Trucks - Commercial, Combination** | 47,926 | 9,220 | 8,062 | -1,158 | (13%) | 28 | 27 | -0 | (.9%) |
| **3. Motorcycle** | 56,941 | 5,315 | 5,909 | 594 | 11% | 16 | 20 | 4 | 26% |
| **5. Motorhome** | 18,460 | 23,878 | 22,853 | -1,025 | ( 4%) | 72 | 78 | 6 | 8% |
| **6. Passenger Car** | 1,567,006 | 11,512 | 9,893 | -1,619 | (14%) | 35 | 34 | -1 | ( 3%) |
| **7. Utility Trailer** | 109,443 | 755 | 889 | 134 | 18% | 2 | 3 | 1 | 33% |
| **8. Truck, Personal Use** | 300,754 | 8,436 | 8,622 | 186 | 2% | 25 | 29 | 4 | 16% |
| **All** | 2,102,531 | 10,403 | 9,205 | -1,198 | (12%) | 31 | 31 | 0 | .3% |

## *Alternative 6 - Table 6 - Monorail*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *Monorail Tax Rate - Current = 1.4%  Alternative = 1.58%*
## *Number of Vehicles, Mean Value and Tax for FY2005*
## *By Vehicle Use Class  -  Weighted*

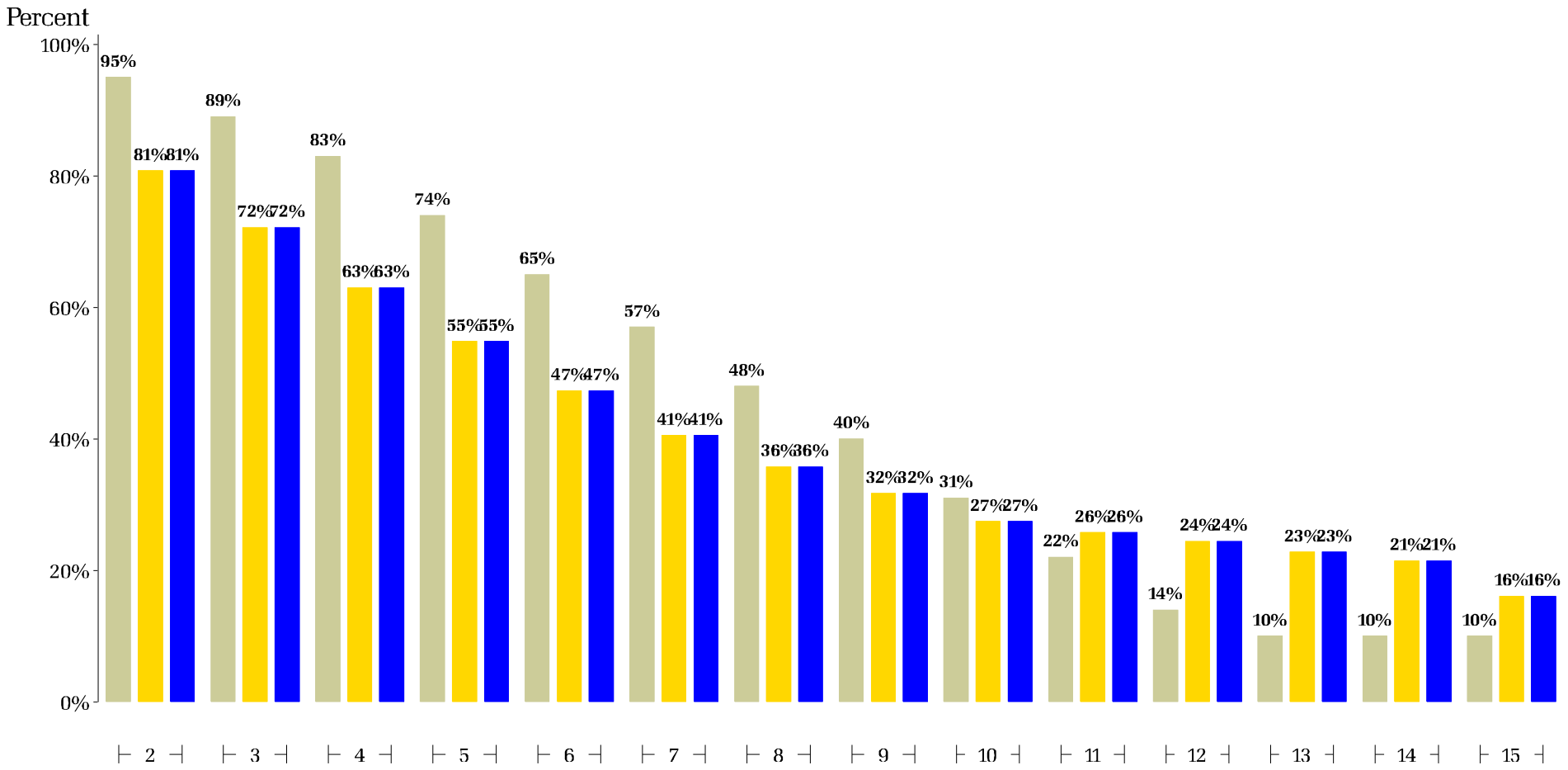
| | count | Current MVET Value | Alternative Value | Difference in Base | Percent Diff in Base | Current Tax | Alternative Tax | Difference in Tax | Percent Diff in Tax |
|---|---|---|---|---|---|---|---|---|---|
| **Use Class** | | | | | | | | | |
| **1. Other** | 518 | 14,353 | 9,099 | -5,254 | (37%) | 201 | 144 | -57 | (28%) |
| **2. Trucks - Commercial, Combination** | 14,899 | 10,705 | 8,649 | -2,056 | (19%) | 150 | 137 | -13 | ( 9%) |
| **3. Motorcycle** | 8,627 | 3,324 | 3,972 | 648 | 19% | 47 | 63 | 16 | 35% |
| **4. Farm, Farm Combination, LOG** | 8 | 812 | 1,708 | 896 | **% | 11 | 27 | 16 | **% |
| **5. Motorhome** | 1,480 | 11,431 | 11,615 | 184 | 2% | 160 | 184 | 23 | 15% |
| **6. Passenger Car** | 292,267 | 9,943 | 8,657 | -1,286 | (13%) | 139 | 137 | -2 | ( 2%) |
| **7. Utility Trailer** | 8,881 | 554 | 698 | 144 | 26% | 8 | 11 | 3 | 42% |
| **8. Truck, Personal Use** | 40,037 | 6,852 | 7,108 | 256 | 4% | 96 | 112 | 16 | 17% |
| **All** | 366,717 | 9,266 | 8,197 | -1,069 | (12%) | 130 | 130 | -0 | (.2%) |

**Alternative 6 Tax Base = Average Retail Value, Depreciation = Market Based**

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

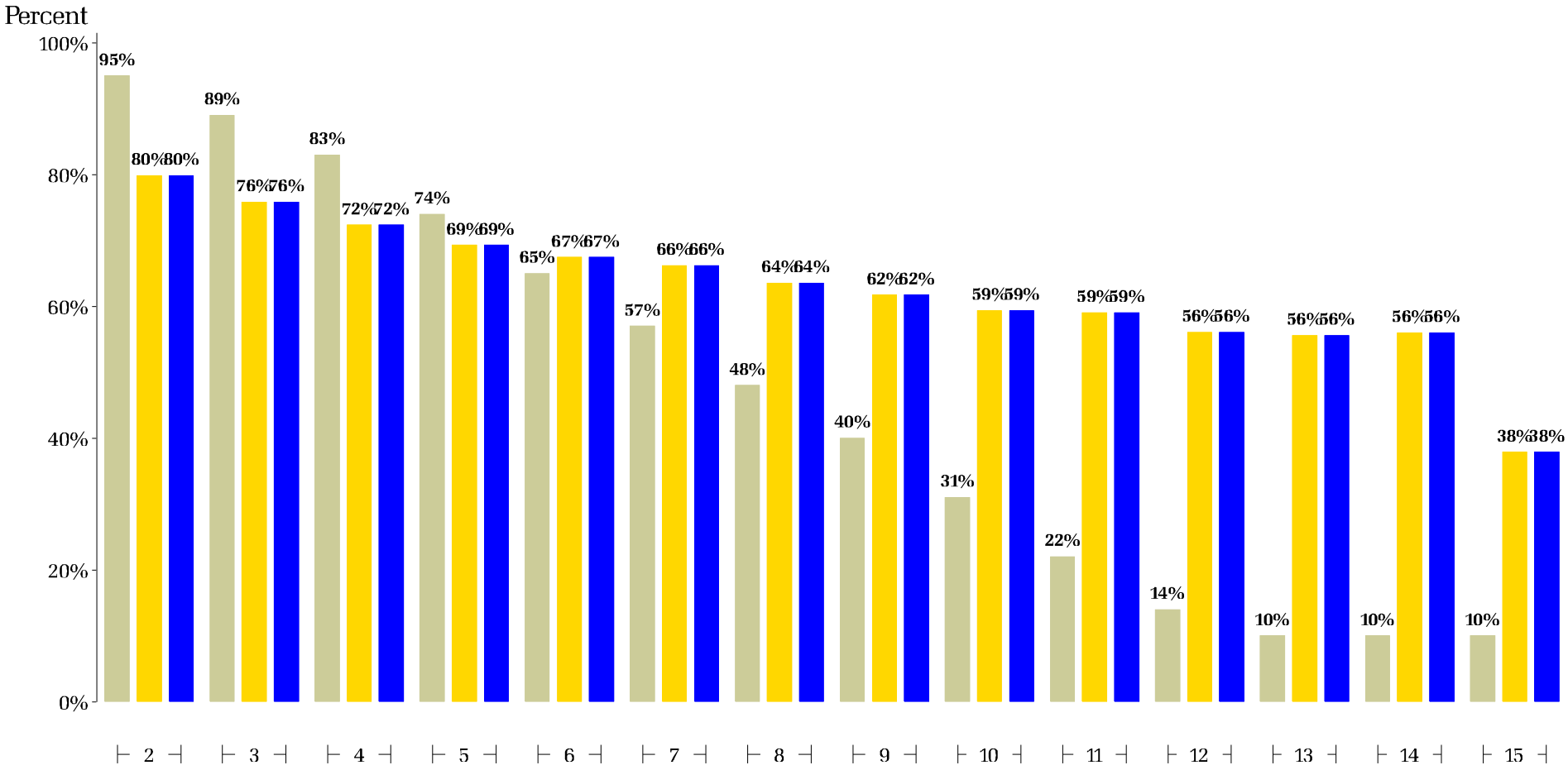
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 6 Tax Base = Average Retail Value, Depreciation = Market Based**

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

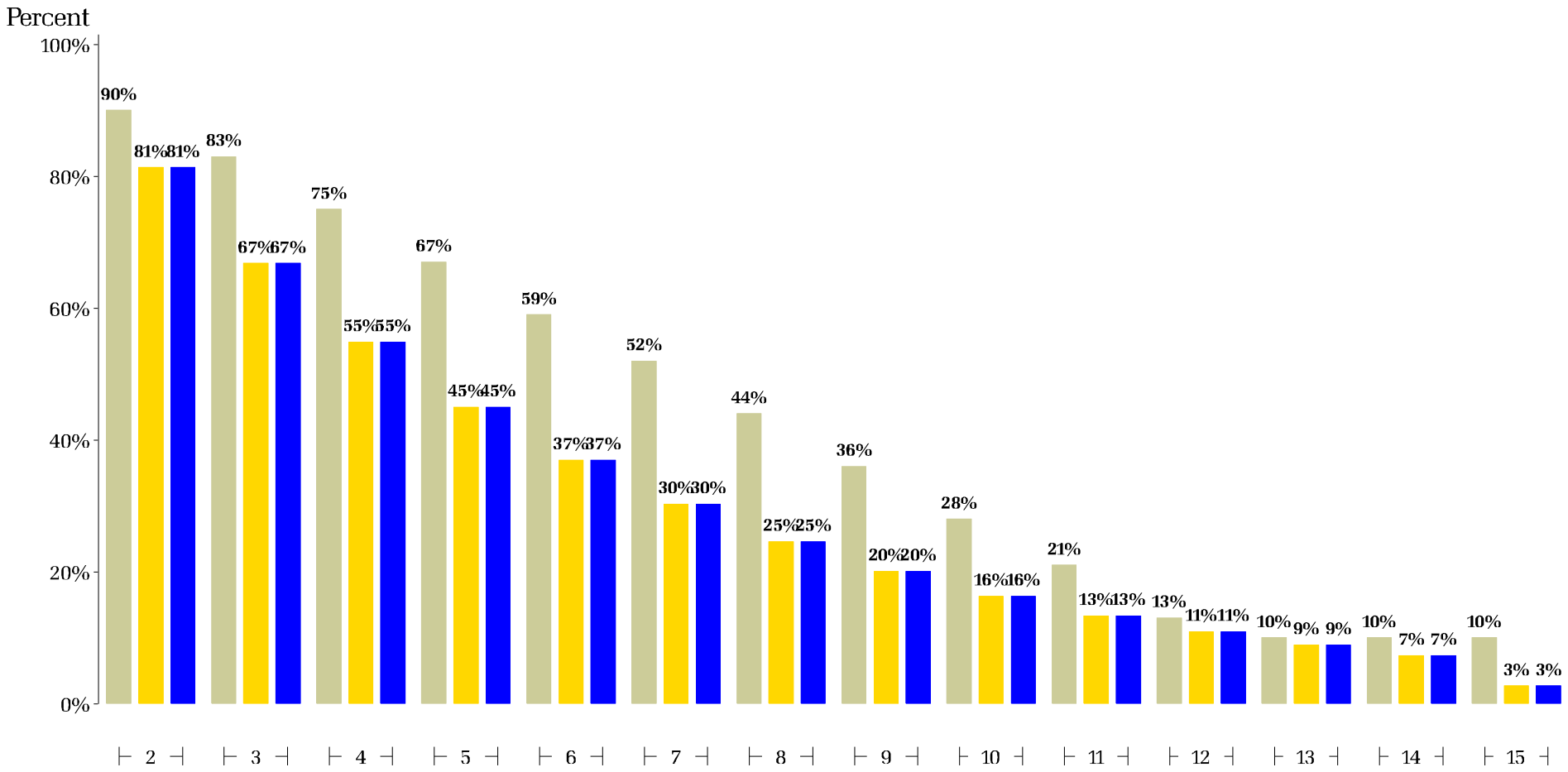
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 6 Tax Base = Average Retail Value, Depreciation = Market Based**

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

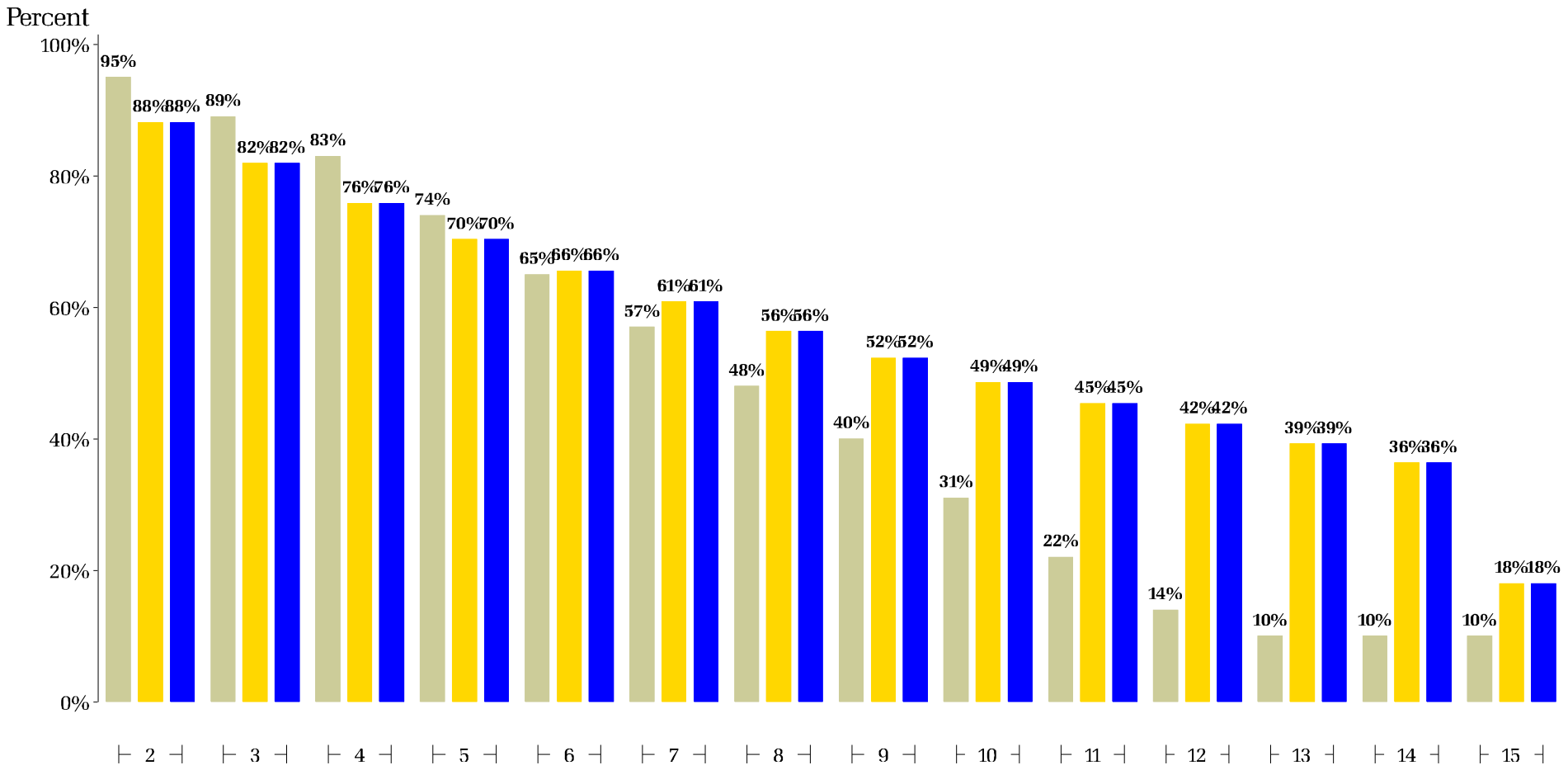
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 6 Tax Base = Average Retail Value, Depreciation = Market Based**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

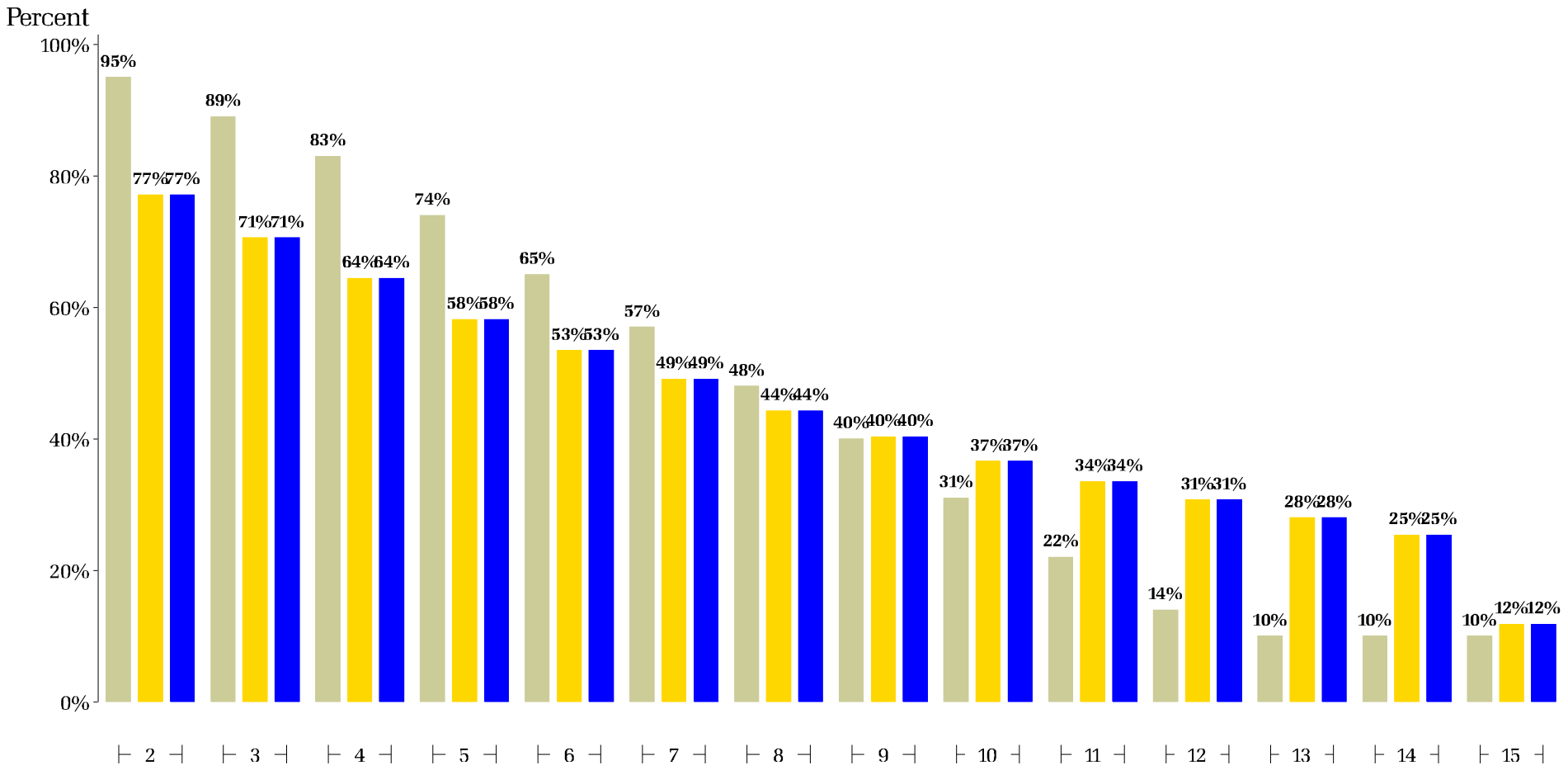
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 6 Tax Base = Average Retail Value, Depreciation = Market Based**

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | ACURA | | | BMW | | | BUICK | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 4,210 | 96 | 106 | 3,517 | 112 | 138 | 3,908 | 75 | 58 |
| Year 3 | 4,003 | 87 | 89 | 3,703 | 104 | 119 | 4,762 | 67 | 48 |
| Year 4 | 4,215 | 79 | 76 | 4,786 | 97 | 103 | 5,065 | 61 | 41 |
| Year 5 | 4,203 | 68 | 63 | 5,167 | 86 | 88 | 4,413 | 54 | 34 |
| Year 6 | 3,456 | 56 | 47 | 3,747 | 76 | 74 | 5,029 | 46 | 29 |
| Year 7 | 3,462 | 48 | 39 | 3,147 | 68 | 61 | 5,167 | 40 | 24 |
| Year 8 | 3,316 | 40 | 31 | 3,113 | 59 | 52 | 5,051 | 33 | 20 |
| Year 9 | 3,341 | 33 | 27 | 2,763 | 47 | 46 | 4,612 | 27 | 18 |
| Year 10 | 3,149 | 25 | 24 | 2,085 | 35 | 39 | 5,147 | 20 | 16 |
| Year 11 | 3,036 | 17 | 24 | 2,336 | 25 | 38 | 5,291 | 14 | 15 |
| Year 12 | 3,414 | 11 | 23 | 1,706 | 16 | 36 | 5,331 | 8 | 13 |
| Year 13 | 2,946 | 7 | 20 | 1,412 | 11 | 33 | 5,398 | 6 | 12 |
| Year 14 | 3,768 | 7 | 18 | 1,461 | 10 | 31 | 6,184 | 5 | 11 |
| Year 15 &up | 14,581 | 6 | 12 | 11,596 | 8 | 16 | 31,048 | 4 | 7 |
| All | 61,100 | 37 | 39 | 50,539 | 55 | 62 | 96,406 | 24 | 19 |

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | CADILLAC | | | CHEVROLET | | | CHRYSLER | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 2,801 | 131 | 124 | 34,240 | 76 | 72 | 8,378 | 71 | 65 |
| Year 3 | 2,557 | 119 | 104 | 33,526 | 72 | 66 | 7,600 | 63 | 54 |
| Year 4 | 2,509 | 112 | 88 | 35,445 | 65 | 57 | 9,303 | 56 | 44 |
| Year 5 | 2,426 | 95 | 64 | 36,276 | 52 | 46 | 9,406 | 50 | 37 |
| Year 6 | 2,866 | 83 | 51 | 37,777 | 44 | 38 | 6,203 | 49 | 32 |
| Year 7 | 2,696 | 71 | 38 | 34,644 | 38 | 32 | 5,011 | 45 | 28 |
| Year 8 | 2,533 | 58 | 31 | 33,575 | 30 | 27 | 4,235 | 37 | 23 |
| Year 9 | 2,819 | 48 | 28 | 31,316 | 24 | 24 | 4,738 | 30 | 19 |
| Year 10 | 2,377 | 37 | 26 | 29,949 | 18 | 21 | 4,675 | 22 | 15 |
| Year 11 | 2,466 | 25 | 24 | 29,614 | 12 | 19 | 3,625 | 15 | 12 |
| Year 12 | 2,779 | 15 | 23 | 27,442 | 7 | 16 | 3,283 | 9 | 11 |
| Year 13 | 2,776 | 11 | 21 | 23,593 | 5 | 14 | 2,433 | 6 | 10 |
| Year 14 | 2,831 | 10 | 18 | 24,242 | 4 | 11 | 1,786 | 6 | 9 |
| Year 15 &up | 22,494 | 6 | 9 | 273,070 | 3 | 6 | 14,687 | 4 | 6 |
| All | 56,930 | 40 | 33 | 684,709 | 23 | 24 | 85,363 | 37 | 30 |

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DODGE | | | FORD | | | HONDA | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 16,137 | 69 | 64 | 38,104 | 72 | 65 | 23,549 | 65 | 72 |
| Year 3 | 18,963 | 63 | 55 | 43,384 | 65 | 57 | 24,509 | 60 | 64 |
| Year 4 | 22,231 | 57 | 49 | 48,114 | 59 | 48 | 23,460 | 53 | 54 |
| Year 5 | 23,205 | 50 | 41 | 52,121 | 50 | 41 | 24,818 | 47 | 45 |
| Year 6 | 24,280 | 43 | 35 | 57,264 | 43 | 35 | 24,479 | 40 | 39 |
| Year 7 | 25,259 | 37 | 31 | 58,875 | 37 | 29 | 22,997 | 33 | 32 |
| Year 8 | 22,839 | 29 | 27 | 57,709 | 30 | 25 | 23,615 | 27 | 27 |
| Year 9 | 20,507 | 23 | 22 | 58,435 | 25 | 23 | 21,141 | 22 | 23 |
| Year 10 | 18,569 | 17 | 18 | 54,532 | 18 | 18 | 18,890 | 17 | 19 |
| Year 11 | 14,891 | 11 | 16 | 54,479 | 12 | 16 | 18,151 | 12 | 17 |
| Year 12 | 14,388 | 7 | 14 | 55,212 | 7 | 14 | 17,245 | 7 | 16 |
| Year 13 | 12,216 | 5 | 12 | 46,496 | 5 | 12 | 16,636 | 5 | 15 |
| Year 14 | 11,433 | 5 | 10 | 41,108 | 5 | 11 | 18,755 | 4 | 13 |
| Year 15 &up | 73,624 | 3 | 5 | 307,442 | 3 | 6 | 91,493 | 4 | 9 |
| All | 318,542 | 28 | 26 | 973,275 | 23 | 22 | 369,738 | 25 | 29 |

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | LEXUS | | | LINCOLN | | | MERCURY | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 4,557 | 114 | 139 | 1,523 | 129 | 110 | 1,891 | 80 | 64 |
| Year 3 | 3,935 | 105 | 119 | 1,514 | 119 | 95 | 2,401 | 69 | 51 |
| Year 4 | 4,226 | 97 | 99 | 1,591 | 103 | 71 | 3,298 | 58 | 41 |
| Year 5 | 4,491 | 85 | 85 | 2,152 | 89 | 59 | 3,193 | 50 | 33 |
| Year 6 | 4,087 | 73 | 70 | 2,276 | 77 | 50 | 4,666 | 42 | 27 |
| Year 7 | 3,814 | 65 | 58 | 2,076 | 69 | 42 | 5,423 | 35 | 22 |
| Year 8 | 2,446 | 55 | 48 | 2,307 | 57 | 35 | 5,169 | 29 | 18 |
| Year 9 | 1,880 | 46 | 40 | 1,998 | 46 | 25 | 5,969 | 24 | 16 |
| Year 10 | 1,643 | 37 | 37 | 1,700 | 37 | 21 | 5,570 | 17 | 12 |
| Year 11 | 1,505 | 26 | 35 | 1,890 | 25 | 19 | 6,159 | 12 | 11 |
| Year 12 | 1,504 | 16 | 35 | 1,903 | 15 | 18 | 6,196 | 7 | 10 |
| Year 13 | 1,733 | 11 | 34 | 1,646 | 10 | 17 | 5,279 | 5 | 9 |
| Year 14 | 1,607 | 10 | 32 | 1,684 | 9 | 14 | 3,663 | 5 | 8 |
| Year 15 &up | 1,745 | 9 | 28 | 10,875 | 7 | 7 | 20,127 | 3 | 5 |
| All | 39,173 | 68 | 75 | 35,135 | 43 | 32 | 79,004 | 21 | 16 |

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MERCEDES-BENZ | | | NISSAN | | | PONTIAC | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 2,415 | 141 | 155 | 10,427 | 69 | 73 | 5,225 | 59 | 52 |
| Year 3 | 2,700 | 129 | 131 | 8,411 | 61 | 61 | 4,307 | 56 | 44 |
| Year 4 | 3,029 | 116 | 107 | 9,668 | 54 | 50 | 5,105 | 52 | 36 |
| Year 5 | 3,630 | 107 | 94 | 10,831 | 48 | 43 | 5,416 | 46 | 31 |
| Year 6 | 3,707 | 92 | 78 | 10,195 | 43 | 38 | 6,165 | 39 | 26 |
| Year 7 | 3,687 | 77 | 66 | 8,938 | 37 | 29 | 6,127 | 33 | 23 |
| Year 8 | 2,632 | 65 | 58 | 10,402 | 29 | 23 | 5,654 | 27 | 19 |
| Year 9 | 1,646 | 61 | 57 | 12,490 | 24 | 20 | 5,838 | 21 | 16 |
| Year 10 | 1,432 | 50 | 54 | 12,415 | 18 | 17 | 4,596 | 15 | 13 |
| Year 11 | 1,374 | 36 | 54 | 13,271 | 12 | 15 | 4,867 | 10 | 12 |
| Year 12 | 1,104 | 24 | 54 | 13,114 | 7 | 13 | 4,951 | 6 | 11 |
| Year 13 | 1,059 | 17 | 50 | 10,553 | 5 | 12 | 4,564 | 4 | 10 |
| Year 14 | 1,343 | 17 | 46 | 8,745 | 4 | 11 | 4,085 | 4 | 8 |
| Year 15 &up | 19,154 | 10 | 26 | 66,292 | 3 | 6 | 24,765 | 3 | 5 |
| All | 48,912 | 55 | 61 | 205,752 | 21 | 22 | 91,665 | 22 | 19 |

## *Alternative 6 - Table 7 - RTA*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*

| | Make | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | SUBARU | | | TOYOTA | | | VOLKSWAGEN | | |
| | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean | Number | Current RTA Tax Mean | Alternative RTA Tax Mean |
| Year of Service | | | | | | | | | |
| Year 2 | 9,552 | 69 | 71 | 35,830 | 63 | 72 | 7,882 | 69 | 73 |
| Year 3 | 10,966 | 63 | 62 | 30,875 | 59 | 65 | 10,016 | 60 | 61 |
| Year 4 | 10,993 | 58 | 55 | 30,317 | 55 | 59 | 11,676 | 53 | 50 |
| Year 5 | 11,092 | 52 | 49 | 31,360 | 48 | 50 | 12,636 | 46 | 43 |
| Year 6 | 10,065 | 44 | 40 | 29,857 | 42 | 43 | 11,407 | 40 | 38 |
| Year 7 | 10,337 | 38 | 31 | 28,871 | 36 | 35 | 8,881 | 32 | 27 |
| Year 8 | 9,260 | 31 | 27 | 26,607 | 30 | 30 | 6,073 | 25 | 22 |
| Year 9 | 7,889 | 25 | 23 | 25,705 | 24 | 25 | 5,074 | 20 | 19 |
| Year 10 | 6,221 | 19 | 20 | 21,511 | 18 | 21 | 4,198 | 15 | 16 |
| Year 11 | 4,532 | 12 | 17 | 22,001 | 12 | 18 | 3,092 | 11 | 15 |
| Year 12 | 4,697 | 7 | 14 | 22,079 | 7 | 16 | 2,159 | 7 | 13 |
| Year 13 | 5,979 | 5 | 13 | 20,018 | 5 | 14 | 1,754 | 5 | 13 |
| Year 14 | 5,710 | 5 | 12 | 21,378 | 4 | 12 | 1,891 | 4 | 11 |
| Year 15 &up | 26,230 | 3 | 7 | 140,999 | 3 | 7 | 38,843 | 2 | 4 |
| All | 133,523 | 32 | 32 | 487,408 | 25 | 29 | 125,582 | 28 | 28 |

## *Alternative 6 - Table 8 - RTA*
## *Current Tax and Alternative by Household Income*
## *Tax Base = Average Retail Value, Depreciation = Market Based*
## *RTA Tax Rate - Current = 0.3%  Alternative = 0.34%*
## *Including Only Households that own or lease vehicles*

| | Number of Vehicles | | Current Base | | Market Dep Base | | Current Tax (0.3% Rate) | | Alternative Tax (0.41% Rate) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Mean | Median | Mean | Median | Mean | Median | Mean | Median | Mean | Median |
| **Income** | | | | | | | | | | |
| **$0 to $20,000** | 1.48 | 1.00 | 8,435 | 5,460 | 7,914 | 5,426 | 25 | 16 | 27 | 18 |
| **$20,000 to $30,000** | 1.68 | 1.00 | 11,857 | 9,814 | 10,837 | 8,522 | 36 | 29 | 37 | 29 |
| **$30,000 to $40,000** | 1.85 | 2.00 | 14,800 | 12,950 | 13,104 | 11,074 | 44 | 39 | 45 | 38 |
| **$40,000 to $50,000** | 1.86 | 2.00 | 16,657 | 15,603 | 14,400 | 13,436 | 50 | 47 | 49 | 46 |
| **$50,000 to $60,000** | 2.21 | 2.00 | 20,139 | 18,295 | 17,533 | 15,366 | 60 | 55 | 60 | 52 |
| **$60,000 to $70,000** | 2.11 | 2.00 | 21,622 | 19,910 | 18,458 | 16,611 | 65 | 60 | 63 | 56 |
| **$70,000 to $80,000** | 2.39 | 2.00 | 26,686 | 23,626 | 23,021 | 19,550 | 80 | 71 | 78 | 66 |
| **$80,000 to $100,000** | 2.34 | 2.00 | 26,677 | 25,093 | 23,004 | 20,429 | 80 | 75 | 78 | 69 |
| **$100,000 to $130,000** | 2.52 | 2.00 | 31,594 | 29,057 | 27,305 | 24,571 | 95 | 87 | 93 | 84 |
| **Over $130,000** | 2.49 | 2.00 | 42,241 | 35,591 | 36,614 | 29,663 | 127 | 107 | 124 | 101 |

***Alternative 7  Tax = flat amount per vehicle based on year of service, Depreciation = market based***
***State MVET with rate of 0.415%***
***compared to Alternative Flat Tax starting at $100 and depreciated at market rate***
***Number of Vehicles, MVET, and Alternative for FY2005***
***By Vehicle Use Class  -  Weighted***

| | Statewide | | | | |
|---|---|---|---|---|---|
| | Number | MVET at 0.415% Rate | | Alternative Flat Tax Starting at $100 | |
| | Total (Mils) | Total (Mils) | Percent | Total (Mils) | Percent |
| **Use Class** | | | | | |
| **1. Other** | 5,667 | $0 | 0.2% | $0 | 0.0% |
| **2. Trucks - Commercial, Combination** | 285,804 | $14 | 6.1% | $10 | 4.4% |
| **3. Motorcycle** | 164,552 | $3 | 1.4% | $7 | 3.0% |
| **4. Farm, Farm Combination, LOG** | 18,160 | $0 | 0.1% | $0 | 0.1% |
| **5. Motorhome** | 81,509 | $7 | 3.2% | $2 | 1.0% |
| **6. Passenger Car** | 3,936,027 | $170 | 70.8% | $160 | 66.5% |
| **7. Utility Trailer** | 472,080 | $1 | 0.6% | $16 | 7.0% |
| **8. Truck, Personal Use** | 1,199,303 | $41 | 17.2% | $42 | 17.6% |
| **All** | 6,163,102 | $240 | 100.0% | $240 | 100.0% |

***Alternative 7  Tax = flat amount per vehicle based on year of service, Depreciation = market based***
***RTA Flat Tax starting at $75 and depreciated at market rate compared to current RTA tax***
***Number of Vehicles, MVET, and Alternative for FY2005***
***By Vehicle Use Class  -  Weighted***

| | RTA | | | | |
|---|---|---|---|---|---|
| | Number | Tax on Current MVET Value | | Alternative Flat Tax Starting at $75 | |
| | Total (Mils) | Total (Mils) | Percent | Total (Mils) | Percent |
| **Use Class** | | | | | |
| **1. Other** | 2,000 | $0 | 0.1% | $0 | 0.0% |
| **2. Trucks - Commercial, Combination** | 47,926 | $1 | 2.0% | $1 | 2.1% |
| **3. Motorcycle** | 56,941 | $0 | 1.3% | $2 | 3.0% |
| **5. Motorhome** | 18,460 | $1 | 2.0% | $0 | 0.6% |
| **6. Passenger Car** | 1,567,006 | $54 | 82.4% | $50 | 76.5% |
| **7. Utility Trailer** | 109,443 | $0 | 0.3% | $3 | 4.7% |
| **8. Truck, Personal Use** | 300,754 | $7 | 11.5% | $8 | 12.7% |
| **All** | 2,102,531 | $65 | 100.0% | $65 | 100.0% |

***Alternative 7  Tax = flat amount per vehicle based on year of service, Depreciation = market based***
***Monorail Flat Tax starting at $359 and depreciated at market rate compared to current Monorail tax***
***Number of Vehicles, MVET, and Alternative for FY2005***
***By Vehicle Use Class  -  Weighted***

| | Monorail | | | | |
|---|---|---|---|---|---|
| | Number | Tax on Current MVET Value | | Alternative Flat Tax Starting at $359 | |
| | Total (Mils) | Total (Mils) | Percent | Total (Mils) | Percent |
| **Use Class** | | | | | |
| **1. Other** | 518 | $0 | 0.2% | $0 | 0.1% |
| **2. Trucks - Commercial, Combination** | 14,899 | $2 | 4.6% | $1 | 3.8% |
| **3. Motorcycle** | 8,627 | $0 | 0.8% | $1 | 2.3% |
| **4. Farm, Farm Combination, LOG** | 8 | $0 | 0.0% | $0 | 0.0% |
| **5. Motorhome** | 1,480 | $0 | 0.4% | $0 | 0.2% |
| **6. Passenger Car** | 292,267 | $40 | 85.5% | $39 | 81.6% |
| **7. Utility Trailer** | 8,881 | $0 | 0.1% | $1 | 2.1% |
| **8. Truck, Personal Use** | 40,037 | $3 | 8.0% | $4 | 9.6% |
| **All** | 366,717 | $47 | 100.0% | $48 | 100.0% |

## *Alternative 7 Tax = flat amount per vehicle based on year of service, Depreciation = market based*

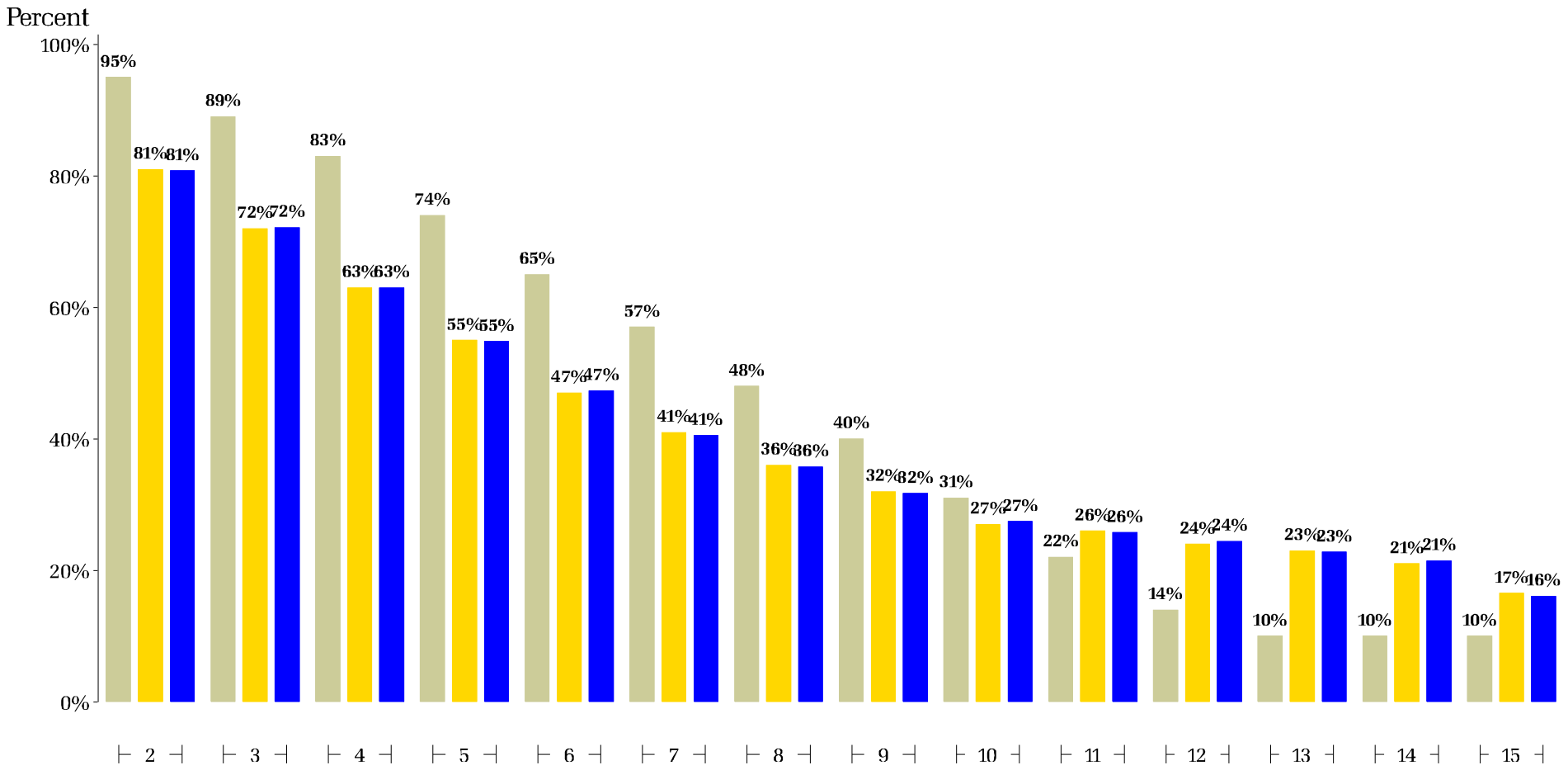
| Year of Service | Depreciation Rate (based on market value for cars and light trucks) | State Flat Rate Schedule | RTA Flat Rate Schedule | Monorail Flat Rate Schedule |
|---|---|---|---|---|
| 1 | 100% | $100 | $75 | $359 |
| 2 | 81% | $81 | $61 | $291 |
| 3 | 72% | $72 | $54 | $258 |
| 4 | 63% | $63 | $47 | $226 |
| 5 | 55% | $55 | $41 | $197 |
| 6 | 47% | $47 | $35 | $169 |
| 7 | 41% | $41 | $31 | $147 |
| 8 | 36% | $36 | $27 | $129 |
| 9 | 32% | $32 | $24 | $115 |
| 10 | 27% | $27 | $20 | $97 |
| 11 | 26% | $26 | $20 | $93 |
| 12 | 24% | $24 | $18 | $86 |
| 13 | 23% | $23 | $17 | $83 |
| 14 | 21% | $21 | $16 | $75 |
| 15 | 20% | $20 | $15 | $72 |
| 16 | 16% | $16 | $12 | $57 |

**Alternative 7 Tax = Flat amount for each year of service, Depreciation = Market Based**

Passenger Cars and Light Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

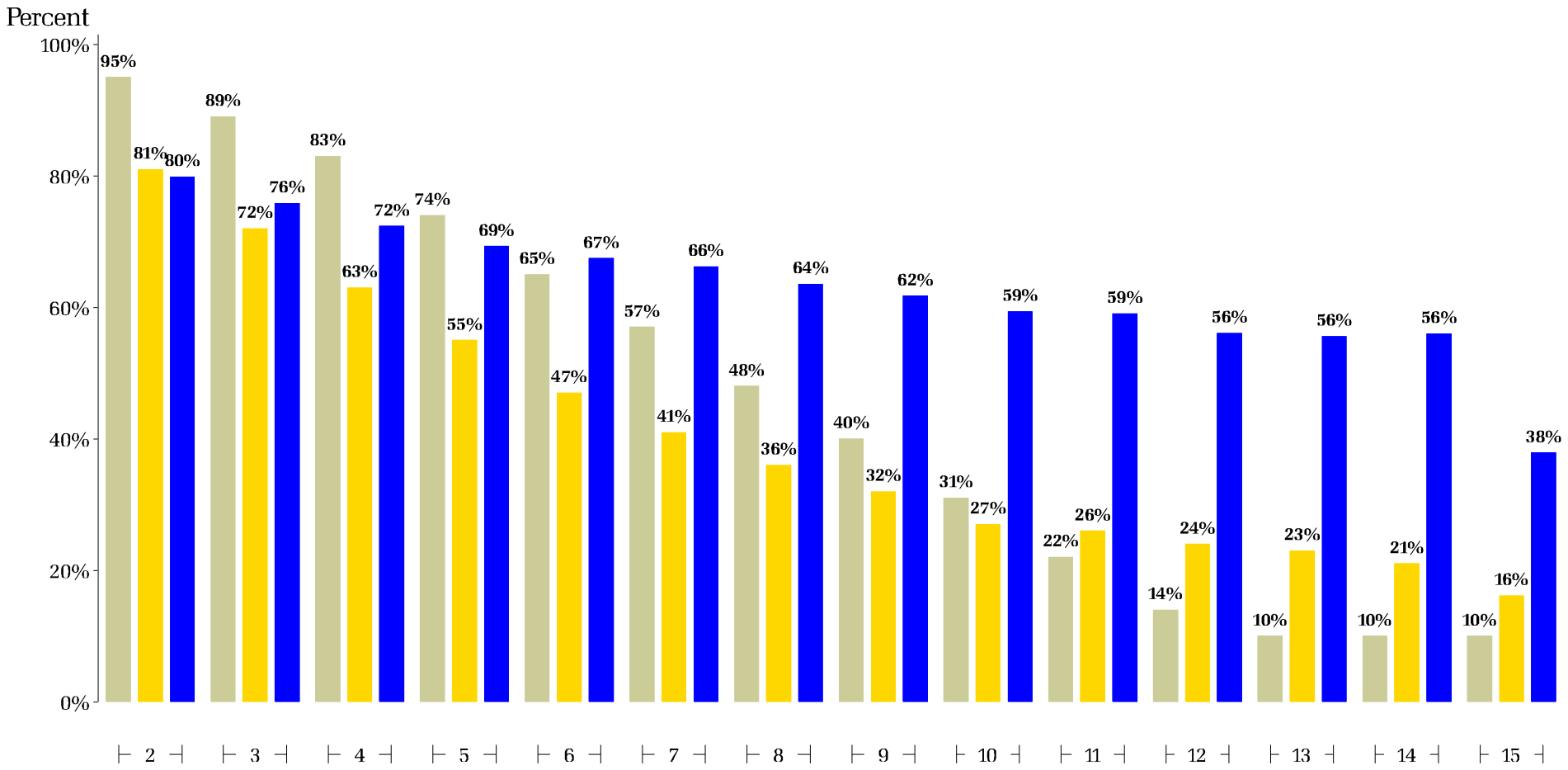
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

## Alternative 7 Tax = Flat amount for each year of service, Depreciation = Market Based

Motorcycles

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

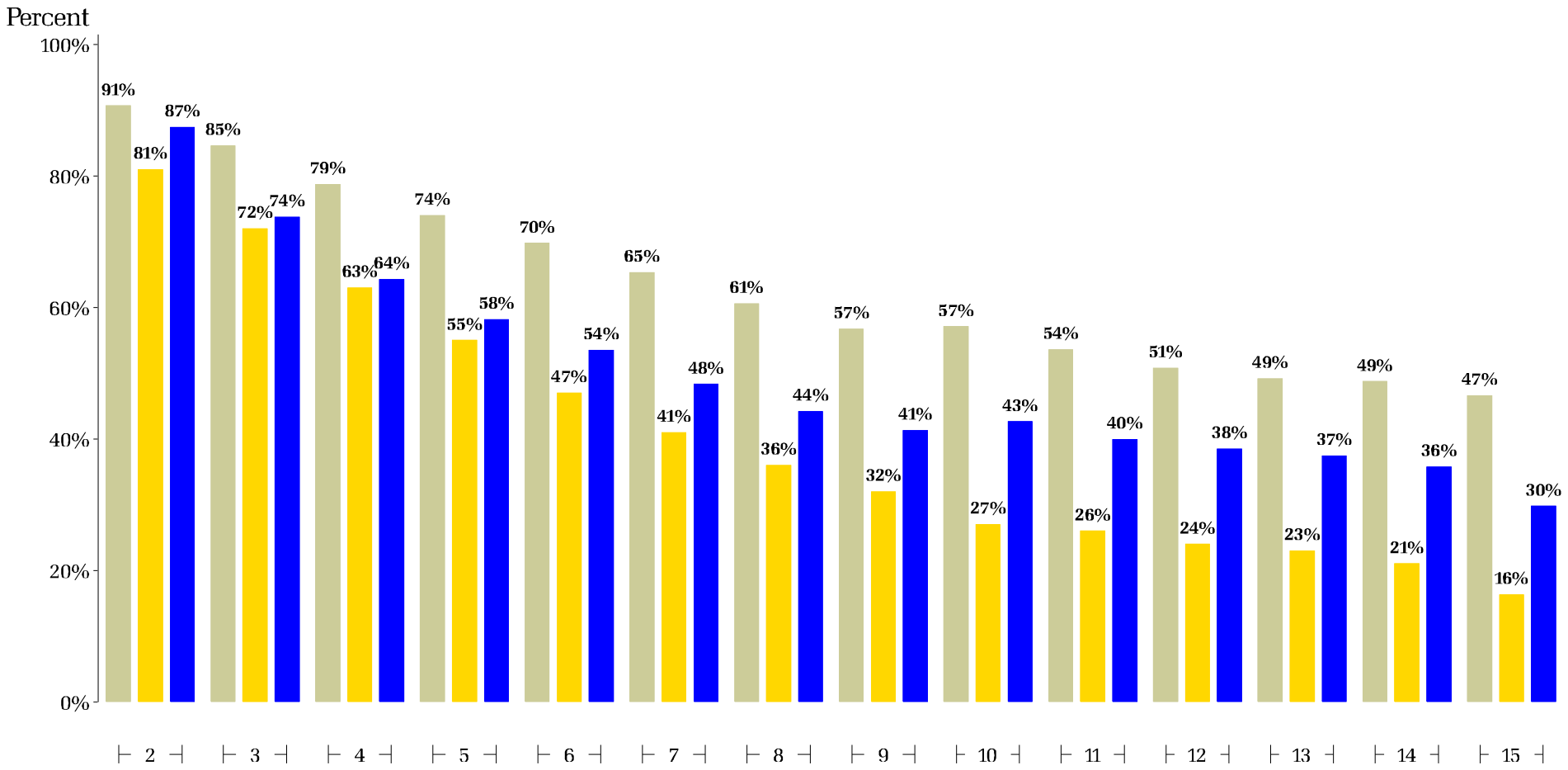
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 7 Tax = Flat amount for each year of service, Depreciation = Market Based**

Heavy and Medium Trucks

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

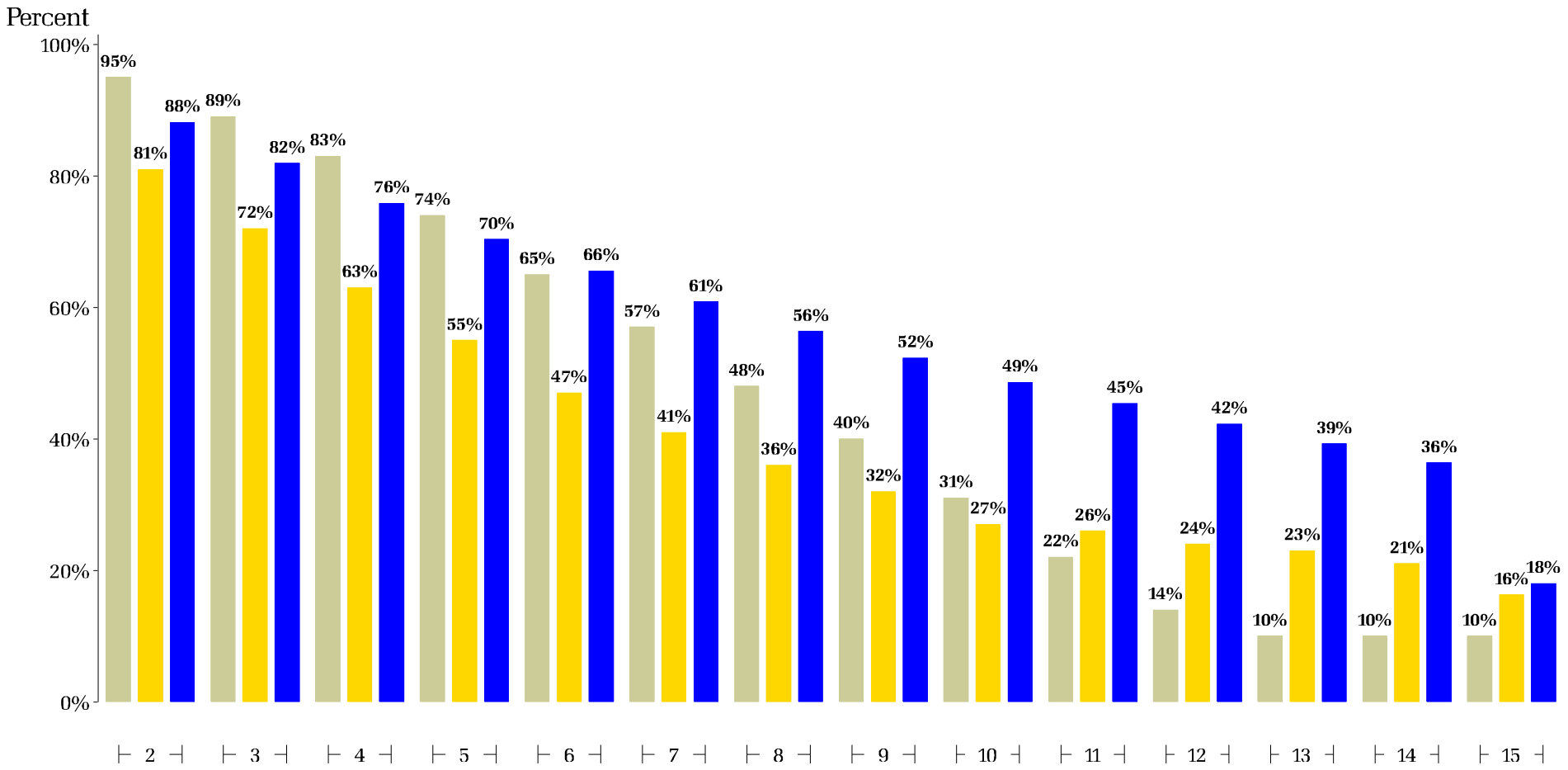
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 7 Tax = Flat amount for each year of service, Depreciation = Market Based**

Utility Trailers

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

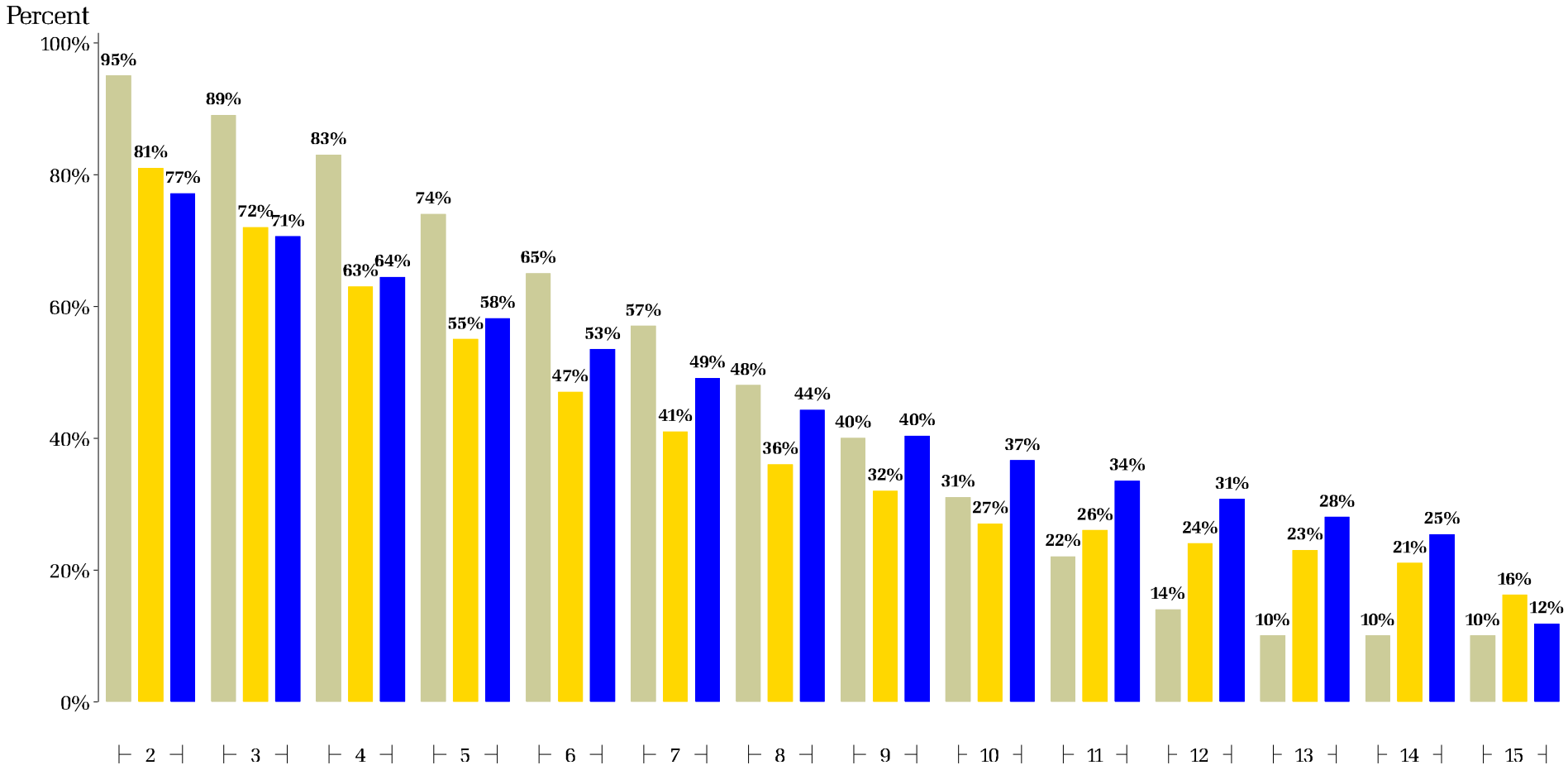
**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

**Alternative 7 Tax = Flat amount for each year of service, Depreciation = Market Based**

Motor Homes

Current Law Depreciation compared to Alternative and Market Depreciation

**Depreciation for all Makes**




**Years of Service**

**Depreciation as Percent of Vehicle's original MSRP**

**Current Dep Schedule** **Alternative Dep Schedule** **Market Depreciation**

# Section 6
# Legal Overview

## Overview of Legal Issues

The legal subgroup met to discuss the potential legal issues that the State could encounter should the Legislature adopt a new Motor Vehicle Excise Tax (MVET) depreciation schedule. The legal subgroup consisted of legal representatives from Sound Transit, the Seattle Popular Monorail Authority, the Attorney General's Office, and committee staff. The information below is a summary of the discussion that took place. It is important to note that there are not necessarily clear answers from the courts on many of the issues identified below, and that until a court has ruled on these issues directly the discussion below is subject to significant changes.

The public has voted on propositions for both Sound Transit and the Monorail that included specific tax rates and referenced the MVET depreciation schedule once codified in RCW 82.44.041. Sound Transit has since sold bonds and the Seattle Monorail Project has taken out a bond anticipation note. The MVET levied by these entities has been pledged to pay the debt service on both debts, so there is a potential impairment of contract issue inherent in changing the MVET levied by either entity.

**Issue 1: Are there any possible options available to address the impairment of contracts issue if there is a change in the depreciation schedule originally prescribed for the MVET pledged to bond holders?**

- A potential solution to an impairment of the contracts of Sound Transit and Seattle Monorail Project debt holders is the State stepping in to fill the void by guaranteeing, by statute, that any negative difference between MVET tax receipts based on the original pledged depreciation schedule and the new schedule would be made up by the State. A potential complication to the State guaranteeing the difference in tax receipts between the old MVET schedule and a new one is the potential for the bonds to count against the state debt limit in the event the State is required to repay either the entirety or some portion of the obligation.

- Another possible solution to the impairment of contract problem would be to "grandfather" in the old depreciation schedule for the portion of the Sound Transit and Seattle Monorail Project MVETs pledged to previously-issued debt, and to put a new schedule or mechanism into effect for any future purposes (including future bonds).

**Issue 2: Can the Legislature change the structure of tax mechanisms that were voted on by the public?**

- Probably, as long as the bond holders are not impaired.

**Issue 3: If the Legislature can change any of the original ballot specifications, do the changes have to be voted on again by the public?**

- Probably not. The Legislature could require the use of the new depreciation schedule for all MVETs.

**Issue 4: Can and how would the Legislature change depreciation schedules of a locally imposed motor vehicle excise tax when the schedules are no longer in statute?**

- The State could reinstate and amend the previously-repealed statute.
- The State could also create and adopt the new MVET schedule for all MVETs.

**Issue 5: Can the Legislature allow the Monorail and Sound Transit to keep their schedules, but establish a new schedule in statute for any newly-authorized MVET?**

- Yes.

**Issue 6: Sound Transit is collecting MVET revenues in excess of what is need to satisfy bond holders. Can the repayment of those obligations be accelerated?**

- Unknown. That is one of the remaining issues in *Pierce County v. State* (case concerning the impact of I-776 on Sound Transit).

# Appendix A – Charts Comparing Current Law and Market Depreciation

Market Value of Cars, Light Trucks, and Motorcycles

Cars, light trucks, and motorcycles were matched by model year, make, and model to a data base of used, retail vehicle values localized for the western region of the United States. When a vehicle is sold through a private party sale the use tax (equivalent to the sales tax) is paid at the time the title of the vehicle is transferred to the new owner. The Departments of Licensing and Revenue use an electronic data base of used vehicle values to cross check the proper value on which to apply the use tax. This data base is purchased from National Market Reports (NMR), a subsidiary of Intertec Publishing Corp. based in Overland Park, Kansas. It is owned by PRIMEDIA, Inc., based in New York, New York. NMR has been in the business of vehicle valuation since 1911, and for the last 91 years has specialized in providing valuation services to local, state and federal governments, insurance companies, financial institutions, appraisers/assessors and dealers.

The retail value published in the NMR data base is for a good clean vehicle generally purchased from a dealer. The data sources include internet based classified advertising, manufacturer supplied sales reports from dealer transactions which include trade-in and retail transactions, and wholesale dealer only auctions for average trade-in/wholesale values.

The value data base is organized by year, make and model. The data for cars and light trucks goes back to 1981 models. The data base for motorcycles goes back to 1975 for some vehicles. The data base has two parts. One part provides a correspondence between the VIN (vehicle identification number) and the vehicle's model number. This information allows the creation of a match code from the vehicle's year, make and model. This code was used to match against the second part of the NMR data set which provides average retail values by year, make, and model.

Approximately 98 percent of the post 1980 cars and light trucks were successfully matched with an average retail value from the NMR data base. The quality of the matches was verified by comparing the MSRP (manufacturer's suggested retail price) that was available on both the NMR data base and the DOL vehicle record. The difference in the MSRP between the two data sets was less than 2.5 percent for seventy percent of the passenger cars and light trucks matched. The difference was less than 5 percent for ninety percent of the passenger cars and light trucks matched. The match rate was about 80 percent for motorcycles. About 85 percent of the motorcycle matches had a difference in the MSRP in the two data sets of less than 5 percent.

The market value for vehicles that did not match up with the NMR value data was determined by estimating the market depreciation rate from the available data. A linear regression model was estimated for each major make of vehicle. The percent decline in value (measured by current market value divided by MSRP) is not constant as the vehicle ages. The rate of depreciation slows as the vehicle ages. In order to use linear regression the depreciation rate was transformed by taking logs so that there was an approximate linear relationship between the log of depreciation rate and the age of the vehicle. However, the decline in value in the first 8 years appears to be more rapid than for years after eight. A slower rate of depreciation was allowed for years after eight.

The values in the NMR data base are for July 2005. The vehicles in the DOL data set registered from July of 2004 through June of 2005. The estimate of market value for each vehicle was adjusted to reflect the renewal date for the vehicle. So, for example, value of a vehicle that registered in January was adjusted to reflect a market value six months earlier. The July market value was 'backed up' to the renewal date by using a portion of the annual rate of depreciation based on the age and make of the vehicle.

See Charts A-1 and A-2 for the illustrations of market depreciation (from MSRP) compared to MVET depreciation for major brands of vehicles.

Heavy and Medium Trucks

The MVET base for heavy and medium trucks is calculated from the most recent purchase price of the vehicle. The number of years of service on the MVET depreciation schedule is calculated from the most recent purchase date of the vehicle. Vehicles in their first year service may be brand new vehicles or older model vehicles that were recently sold. Vehicles in the second year of service are vehicles of any model year that sold one year ago and are up for renewal. Vehicles in a particular year of service represent vehicles of many model years (see Chart A-3 for the distribution of the number of vehicles by model year for years of services one through four.)

Market depreciation curve for medium and heavy trucks were calculated from pooled data taken from the Truck Blue Book (PRIMEDIA) and the National Automobile Dealer's Association's (NADA) Commercial Truck Guide. The market values of six heavy truck models and six medium truck models were traced over nine years. The depreciation in value was calculated between each pair of years. For example, the depreciation between values one year apart represent depreciation over one year of service, depreciation between values two years apart represents depreciation over two years of service, etc. The data from the heavy and medium trucks was averaged by model year and year of service and the result was fitted by an equation that allows the rate of depreciation to vary by model year. So, for example, the rate of depreciation for model year 2002 vehicles is different from the rate of depreciation for model year 2001 vehicles. See Chart A-4 for a graphic depiction of the estimated market depreciation. This estimation technique interpolates the depreciation for years of service after eight years from the pattern of depreciation up to years of service eight. About 80 percent of the heavy and medium trucks in Washington's fleet have years of service of eight or fewer years.

Motor Homes

The market value of motor homes was assigned using an equation estimated from the market value of a sample of motor homes. The market values were taken from the NADA value guide for recreational vehicles. The sample of motor homes used typical motor homes in the Washington fleet. Market values were separately estimated for motor homes less than $150,000 in value and over $150,000 in value. Also, for motor homes less than $150,000 the estimate of market value considers whether the vehicle is gas or diesel powered. See Chart 6-5 for the results of the analysis.

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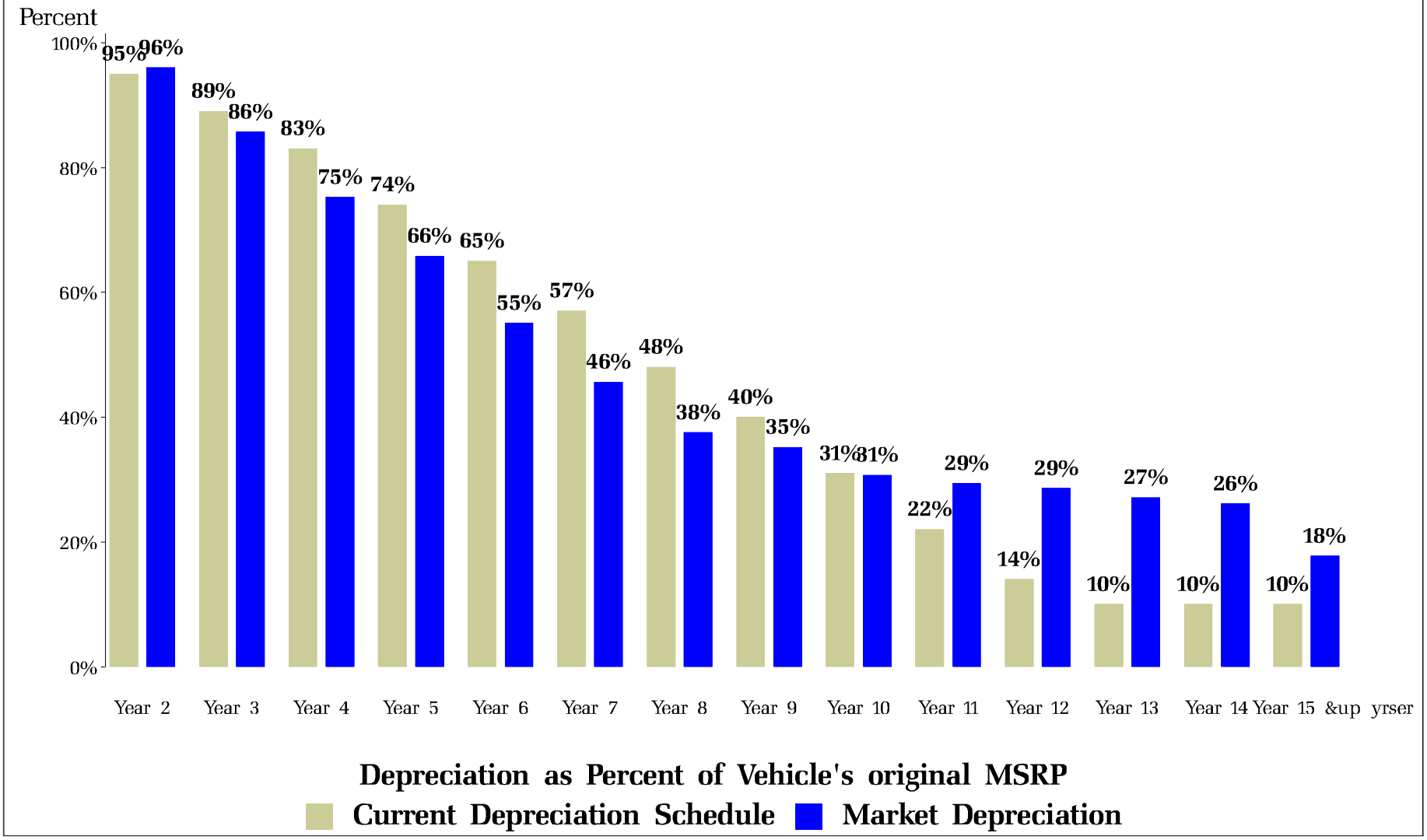
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for BMW**




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

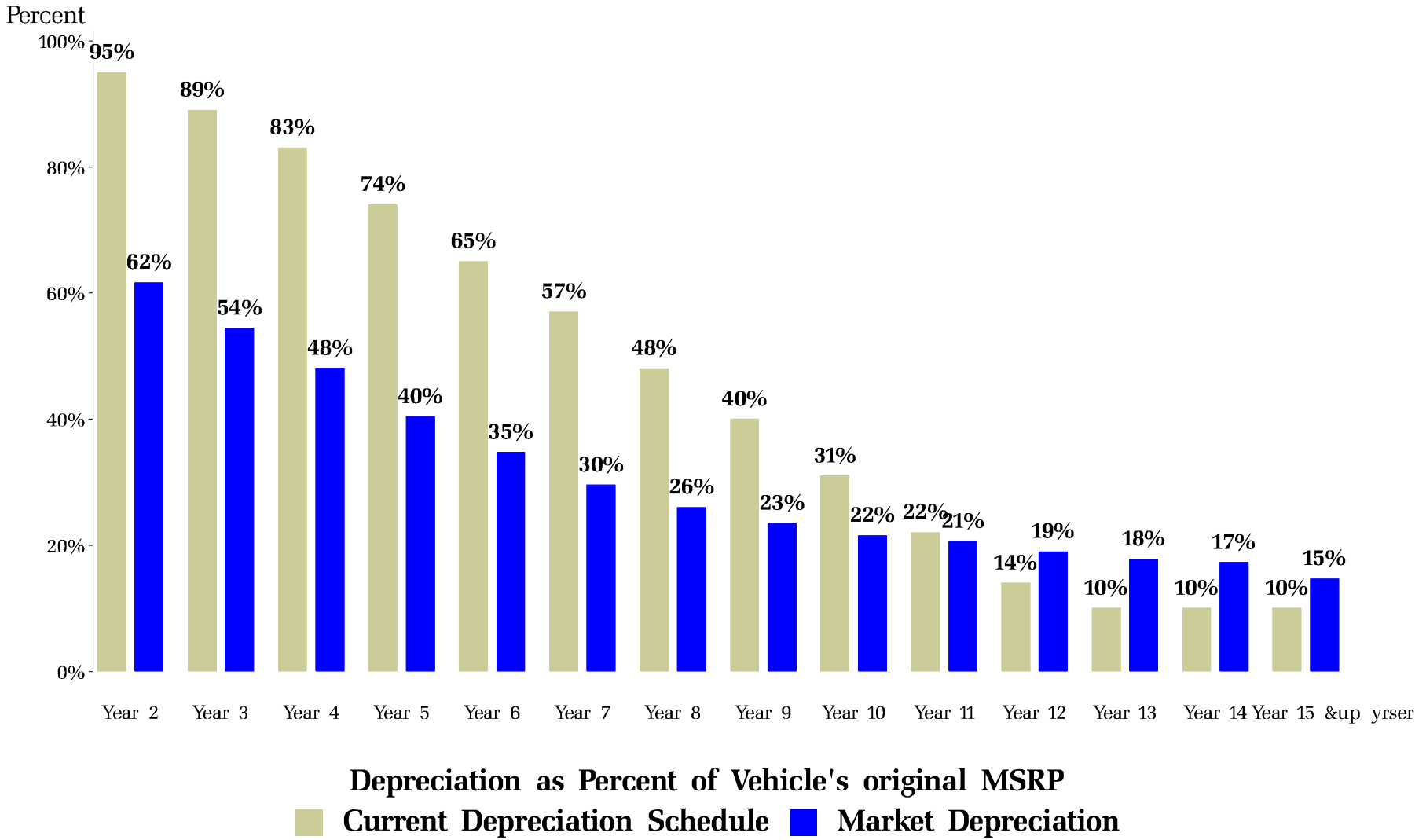
# Chart A−1

## Retail Vehicle Depreciation − Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for BUICK



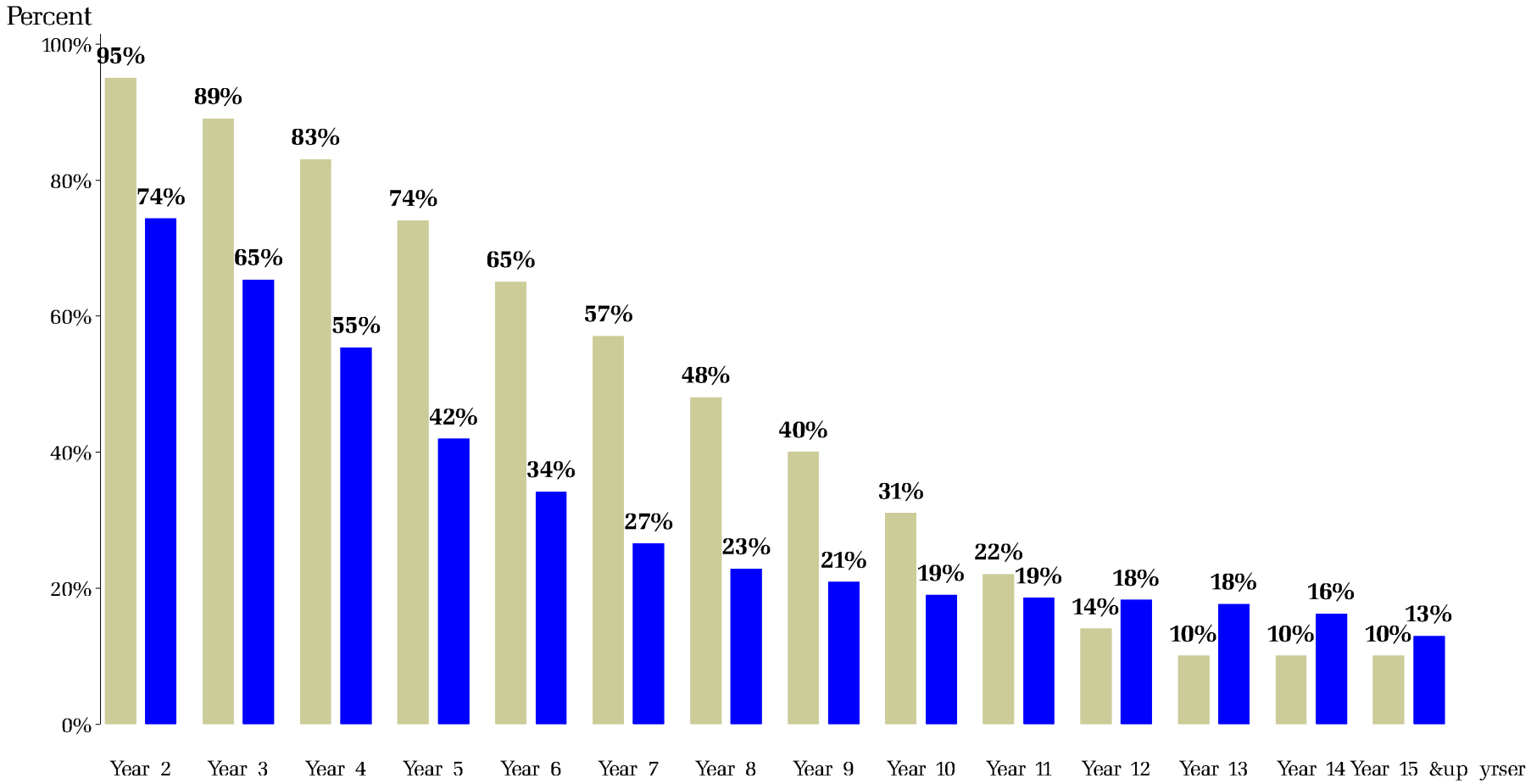
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for CADILLAC




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

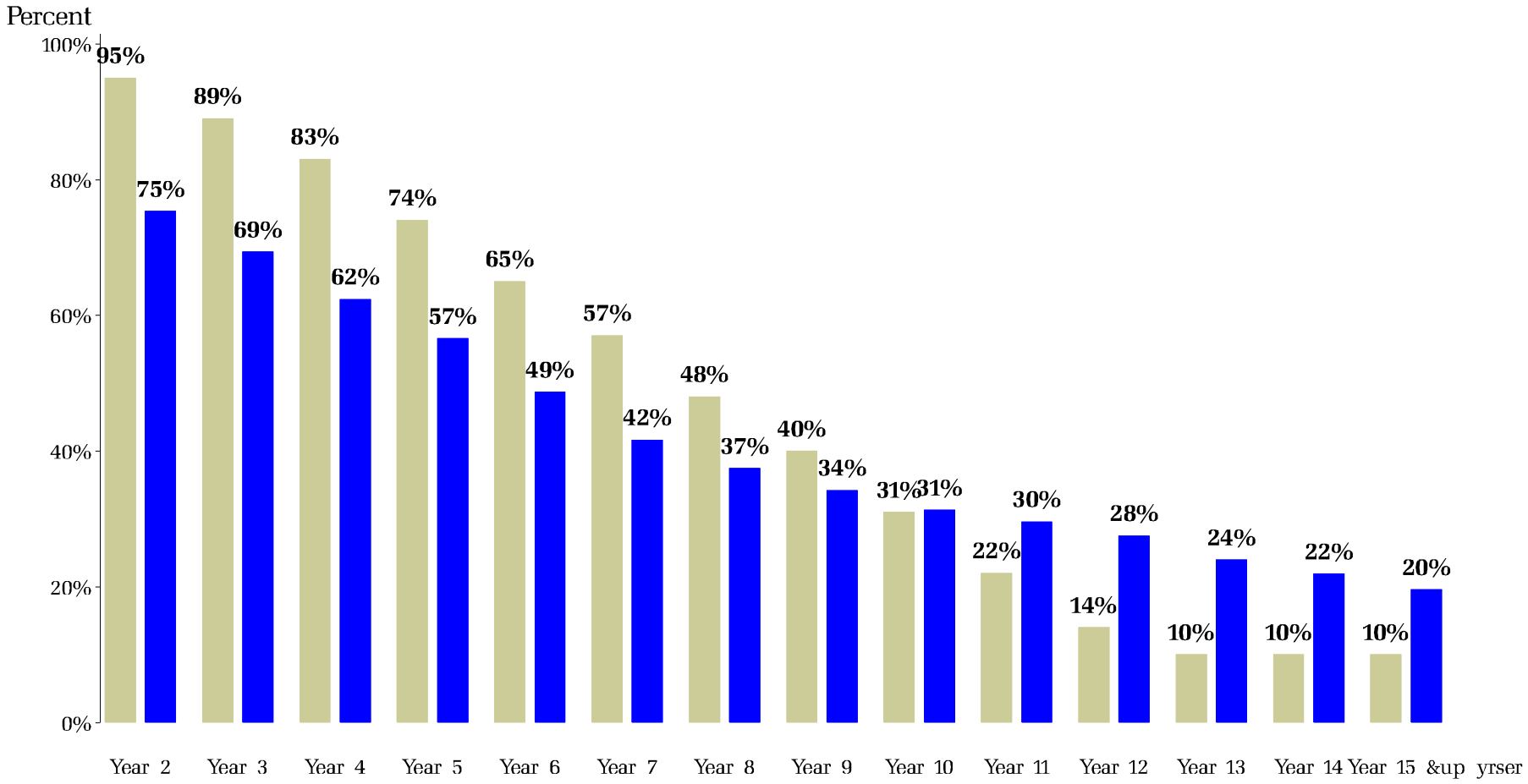
# Chart A−1

## Retail Vehicle Depreciation − Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for CHEVROLET




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

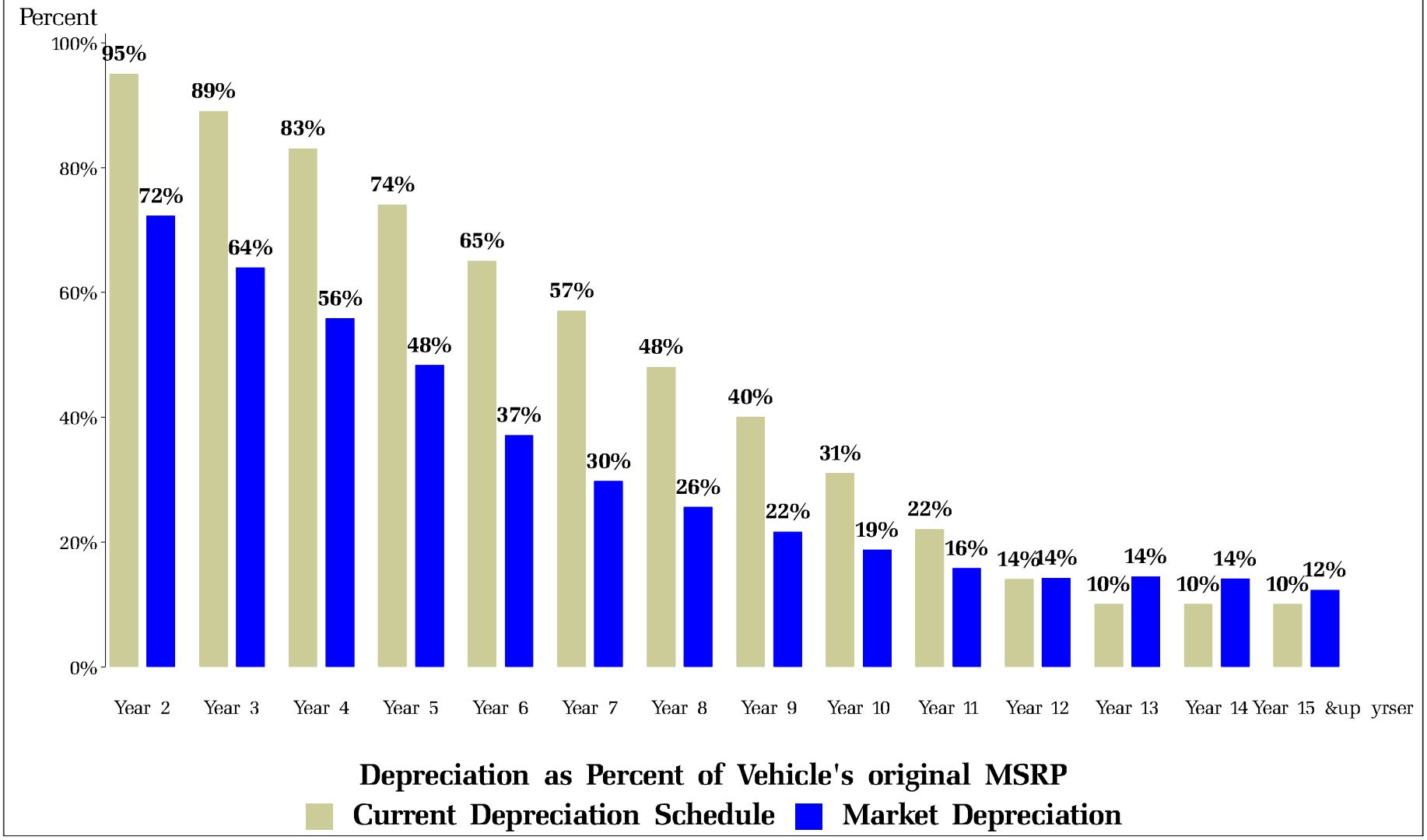
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for CHRYSLER



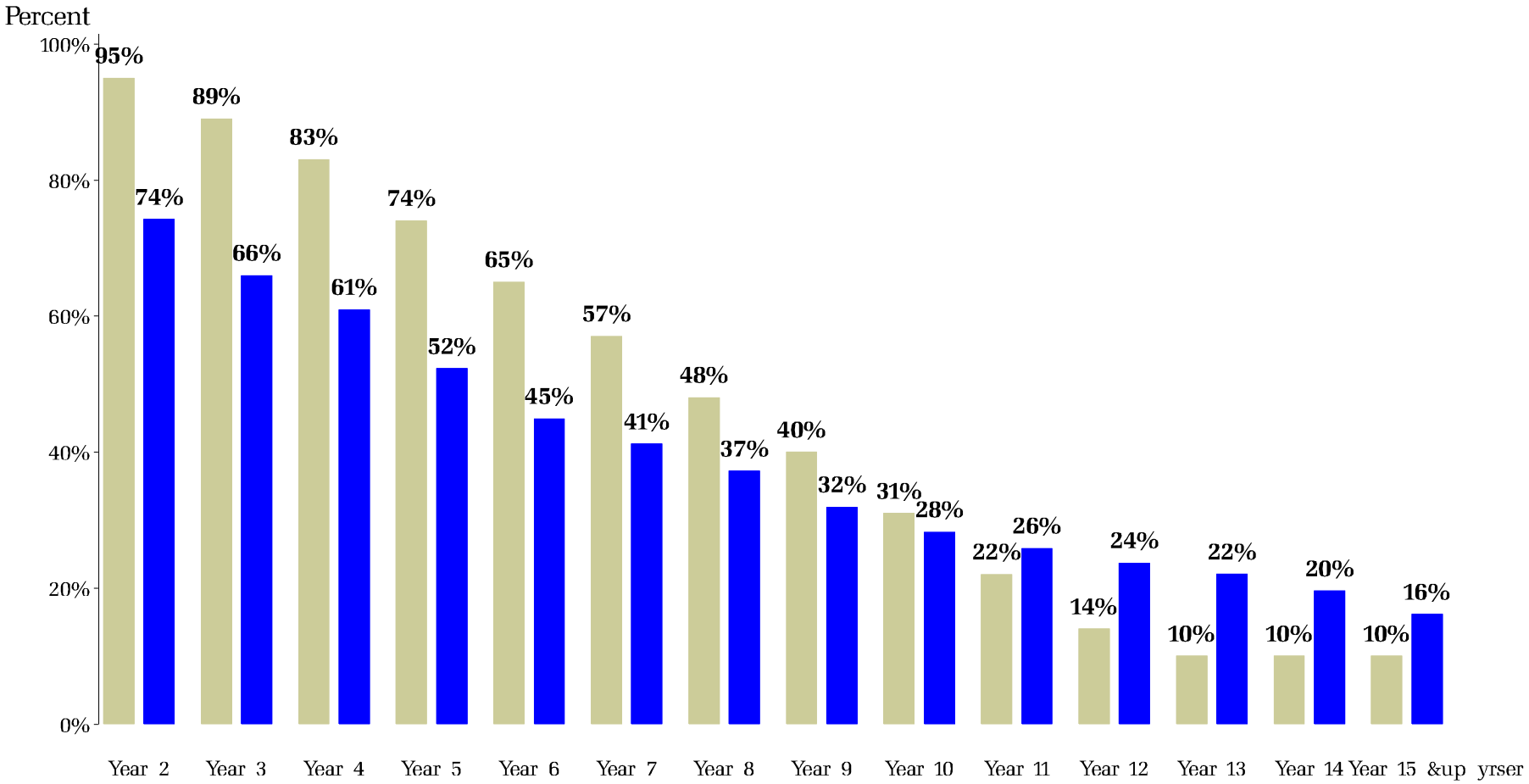
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for DODGE




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

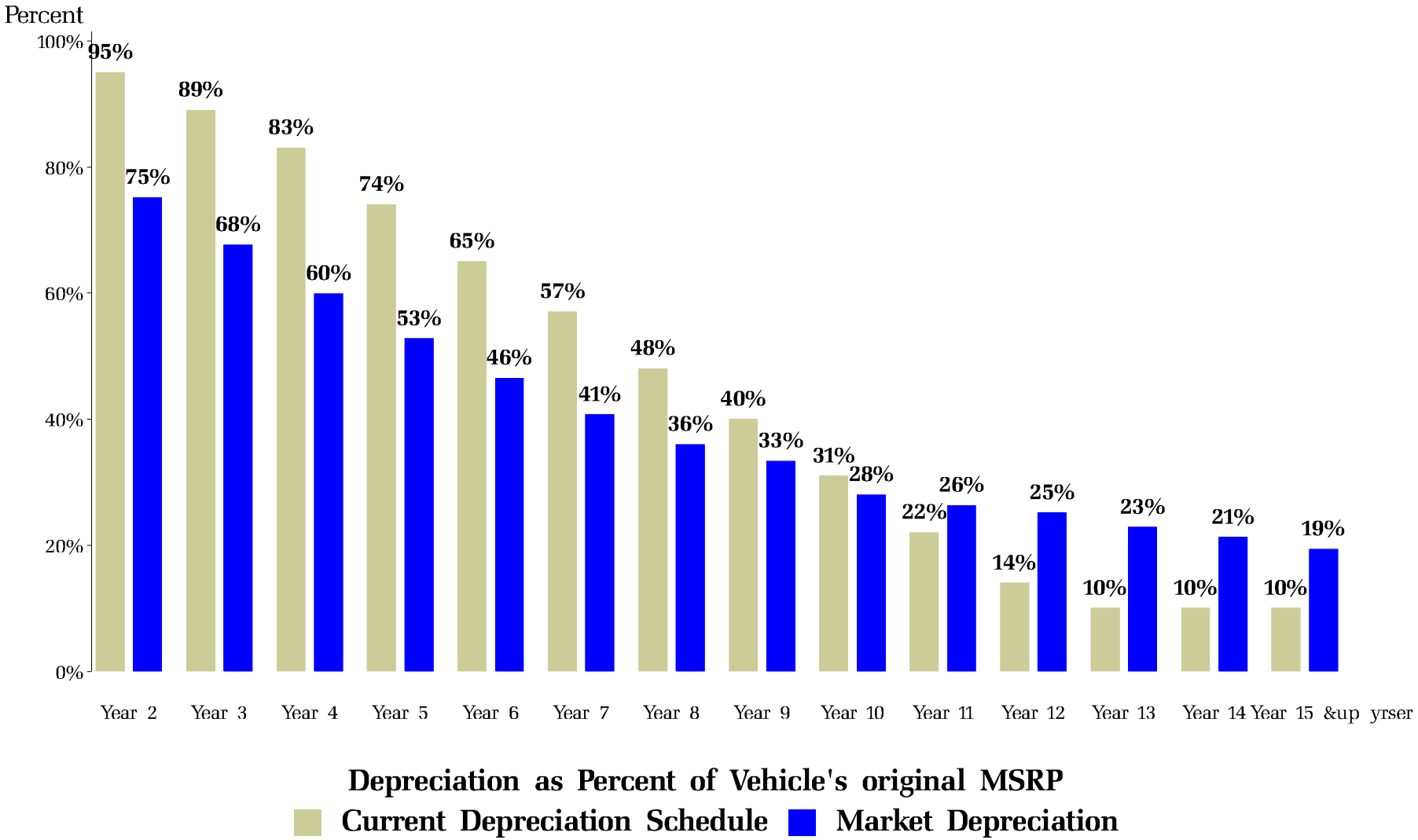
# Chart A−1

## Retail Vehicle Depreciation − Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for FORD**




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

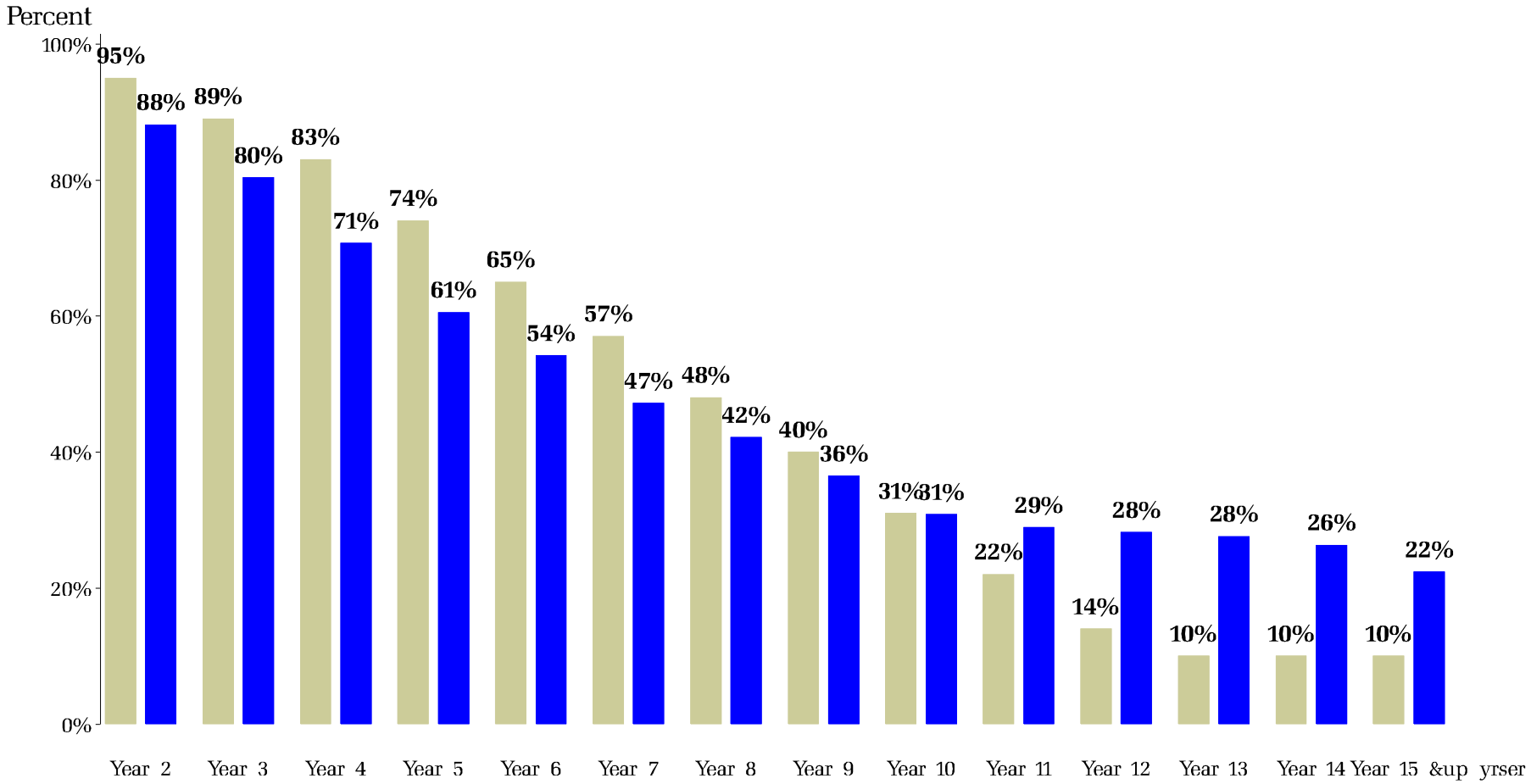
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for HONDA




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

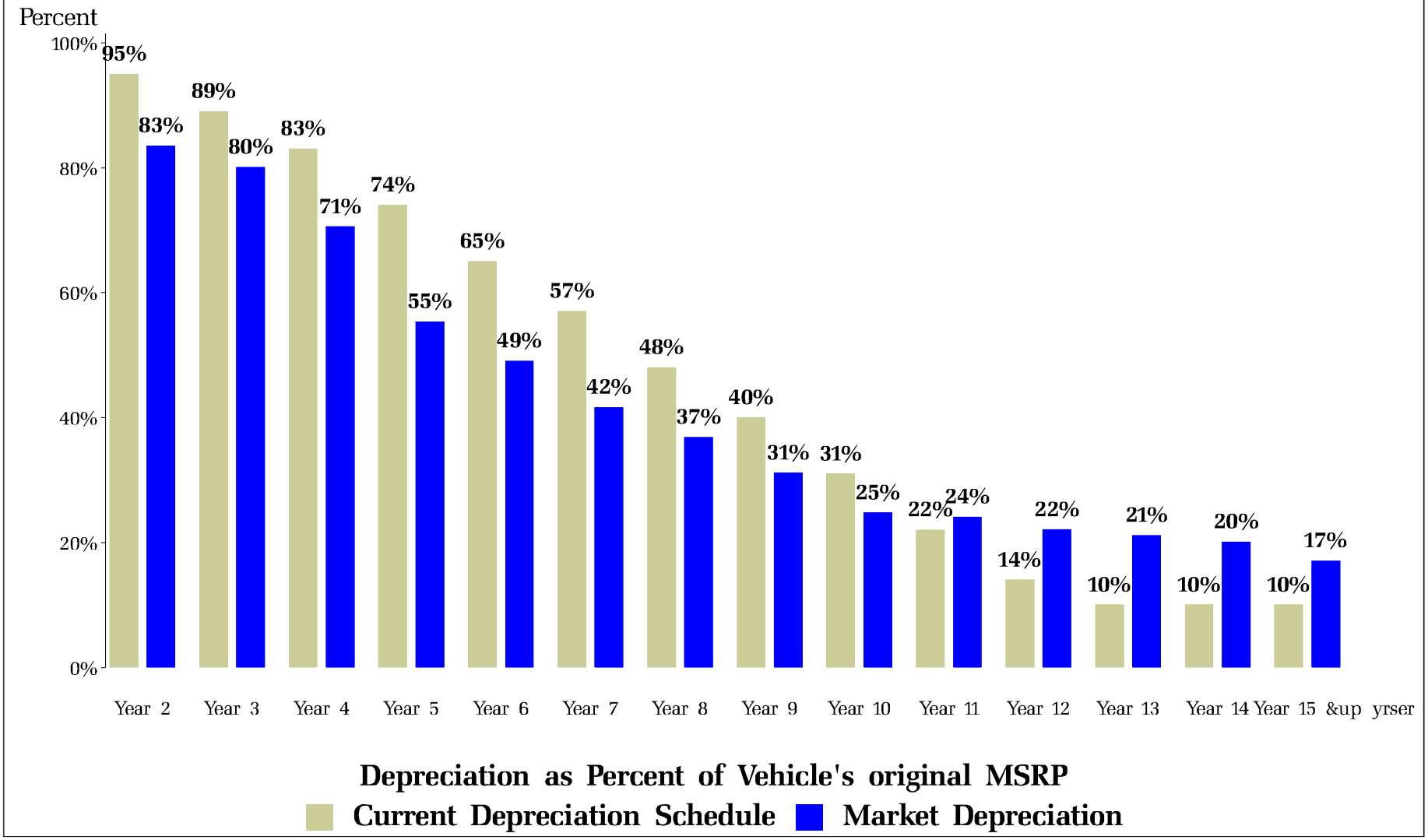
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for JEEP



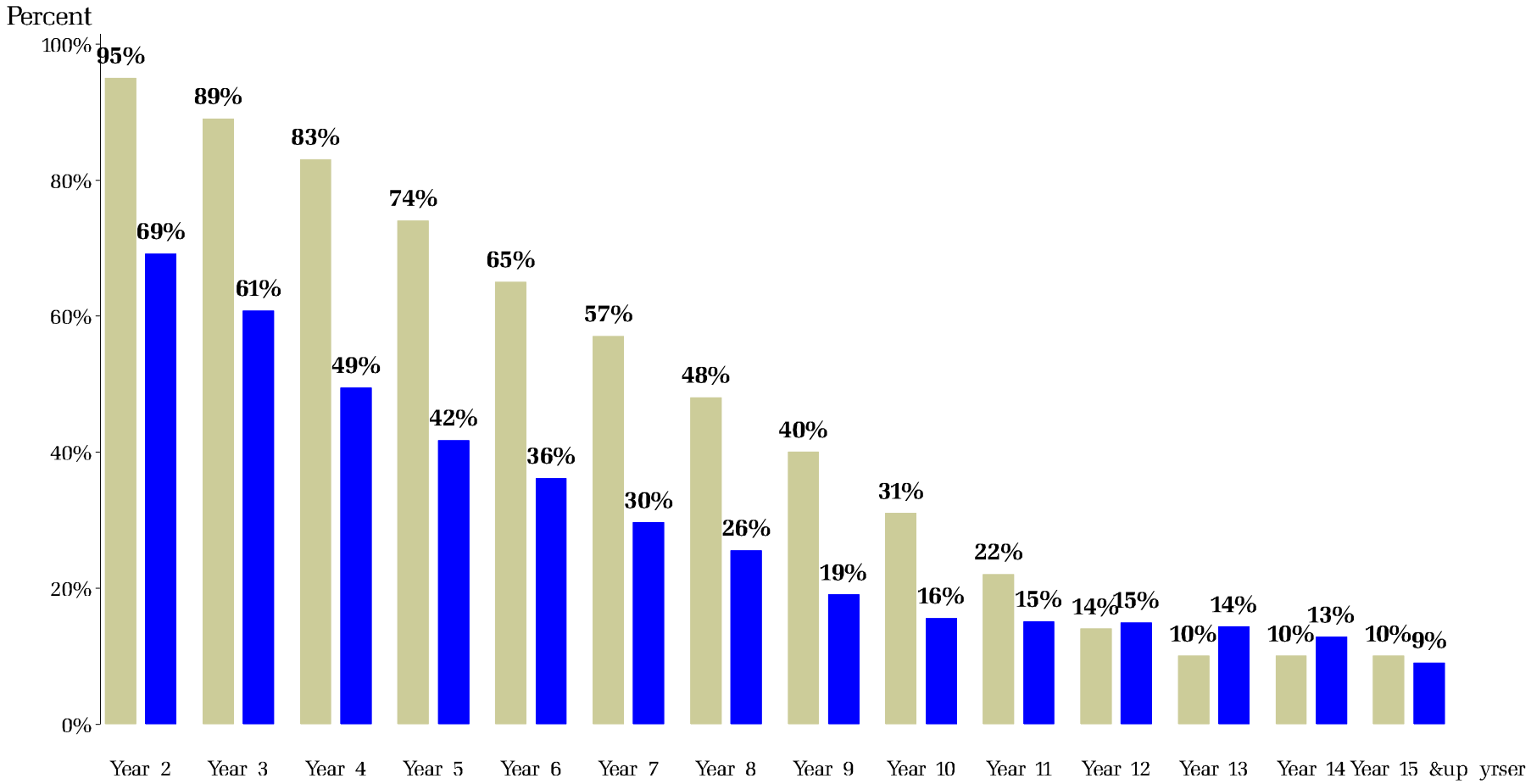
# Chart A−1

## Retail Vehicle Depreciation − Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for LINCOLN




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

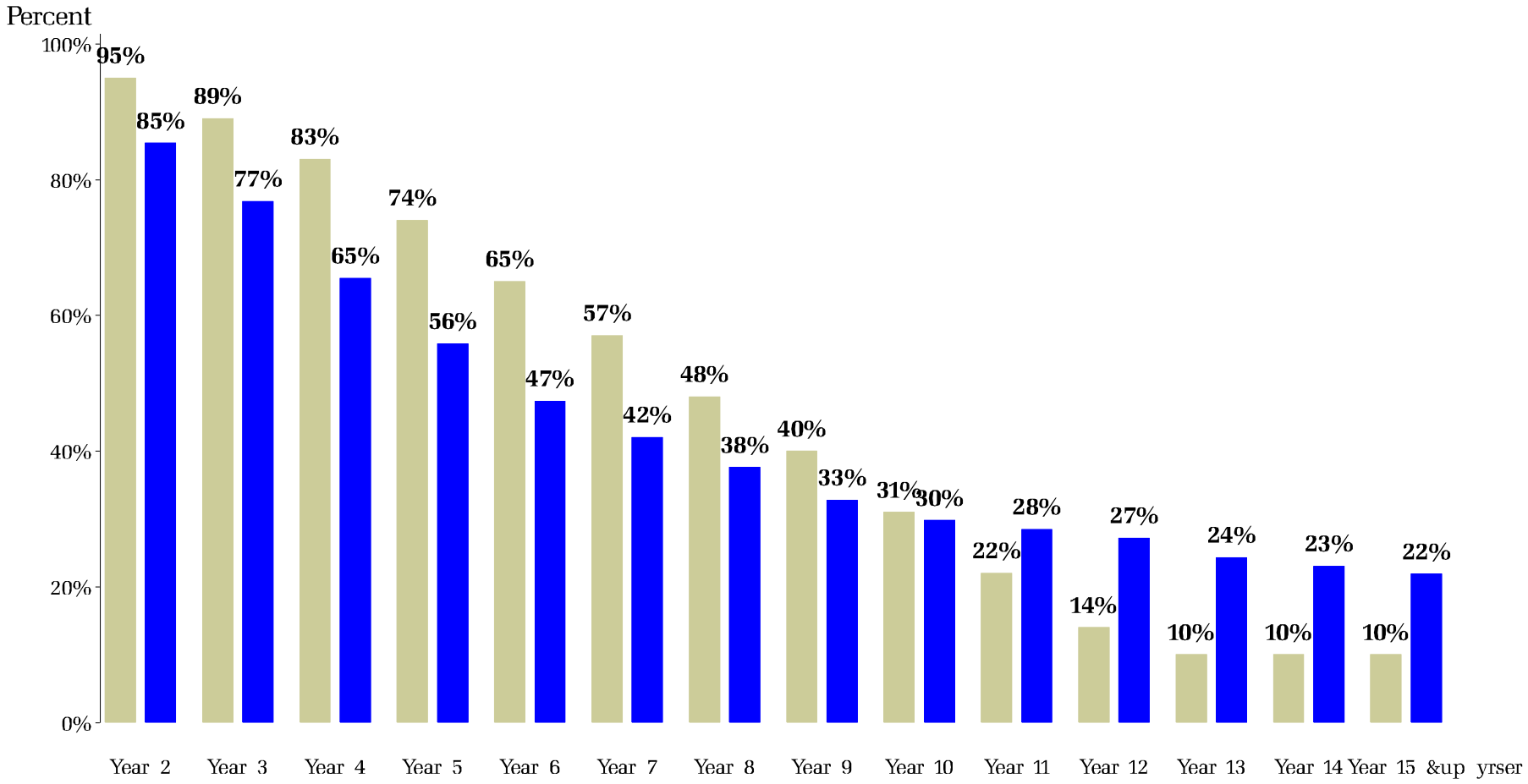
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for MERCEDES–BENZ




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

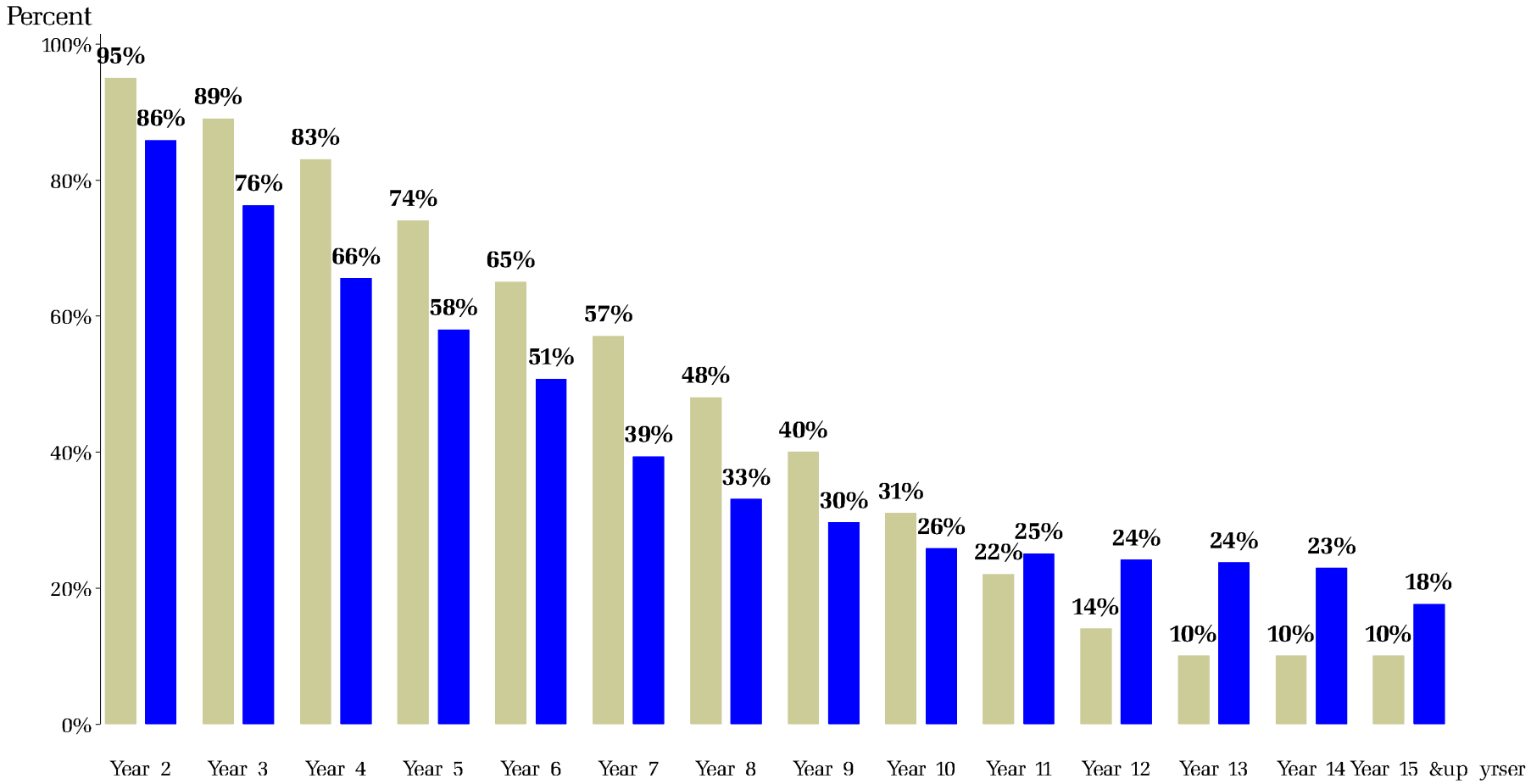
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for NISSAN




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

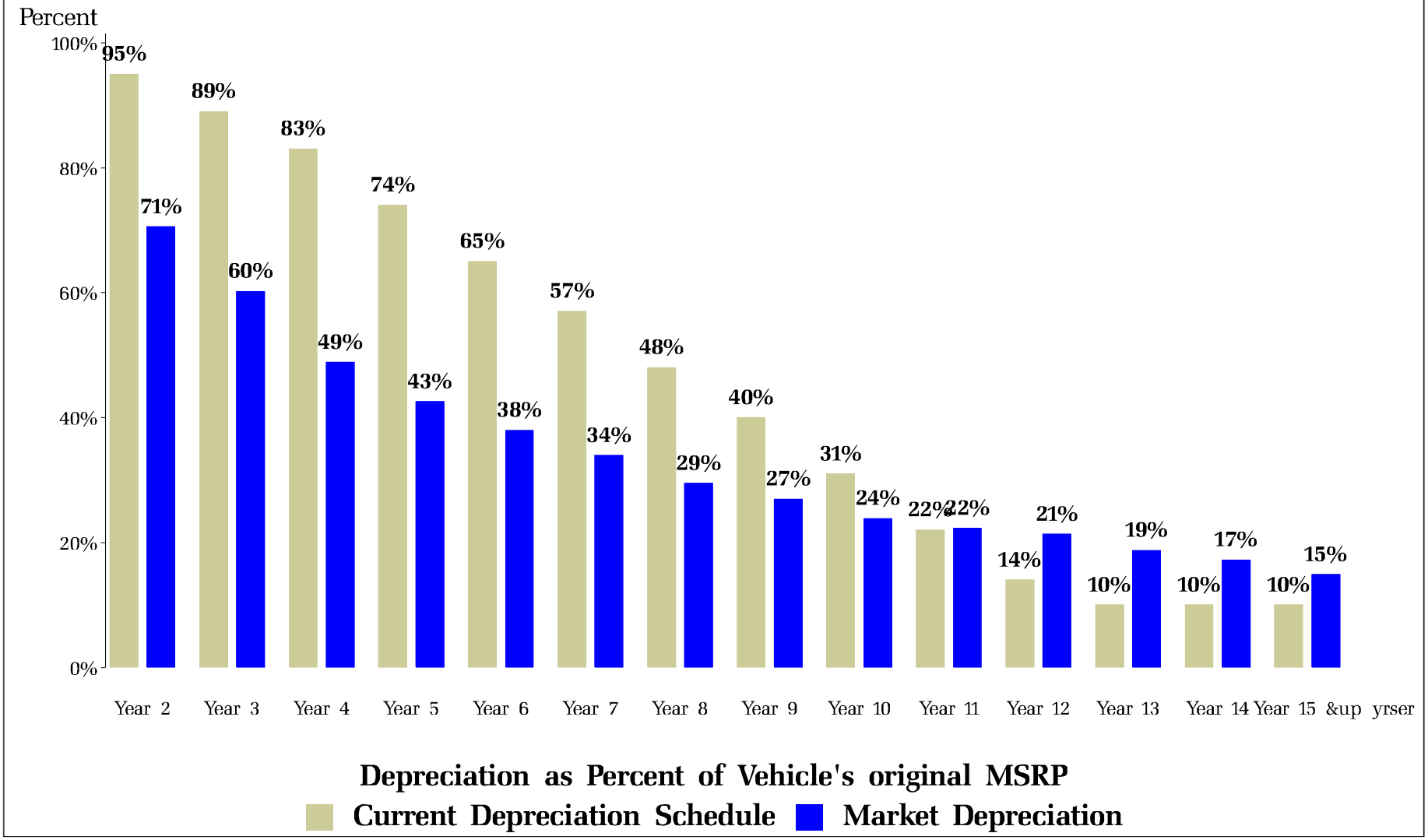
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for PONTIAC



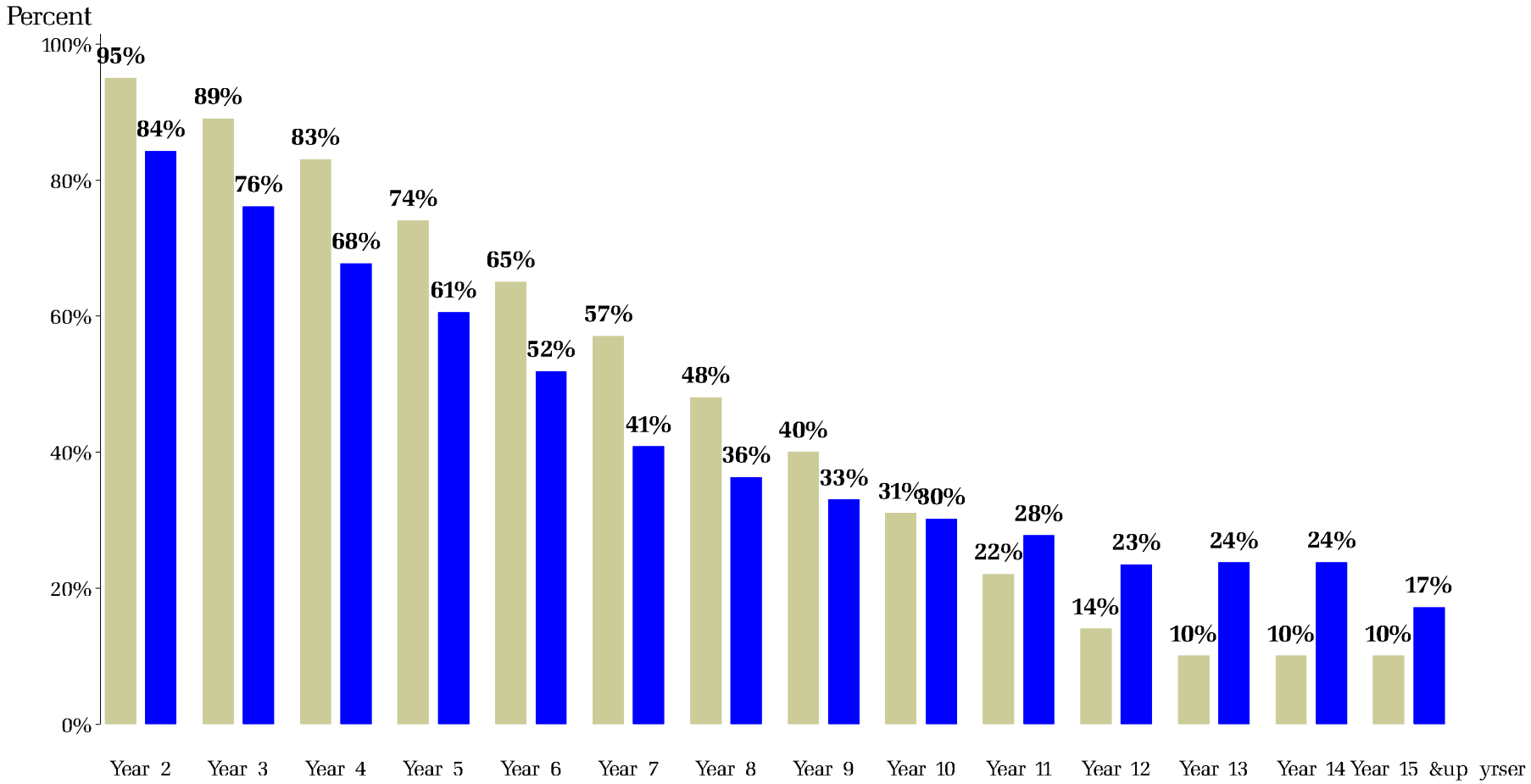
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for SUBARU




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

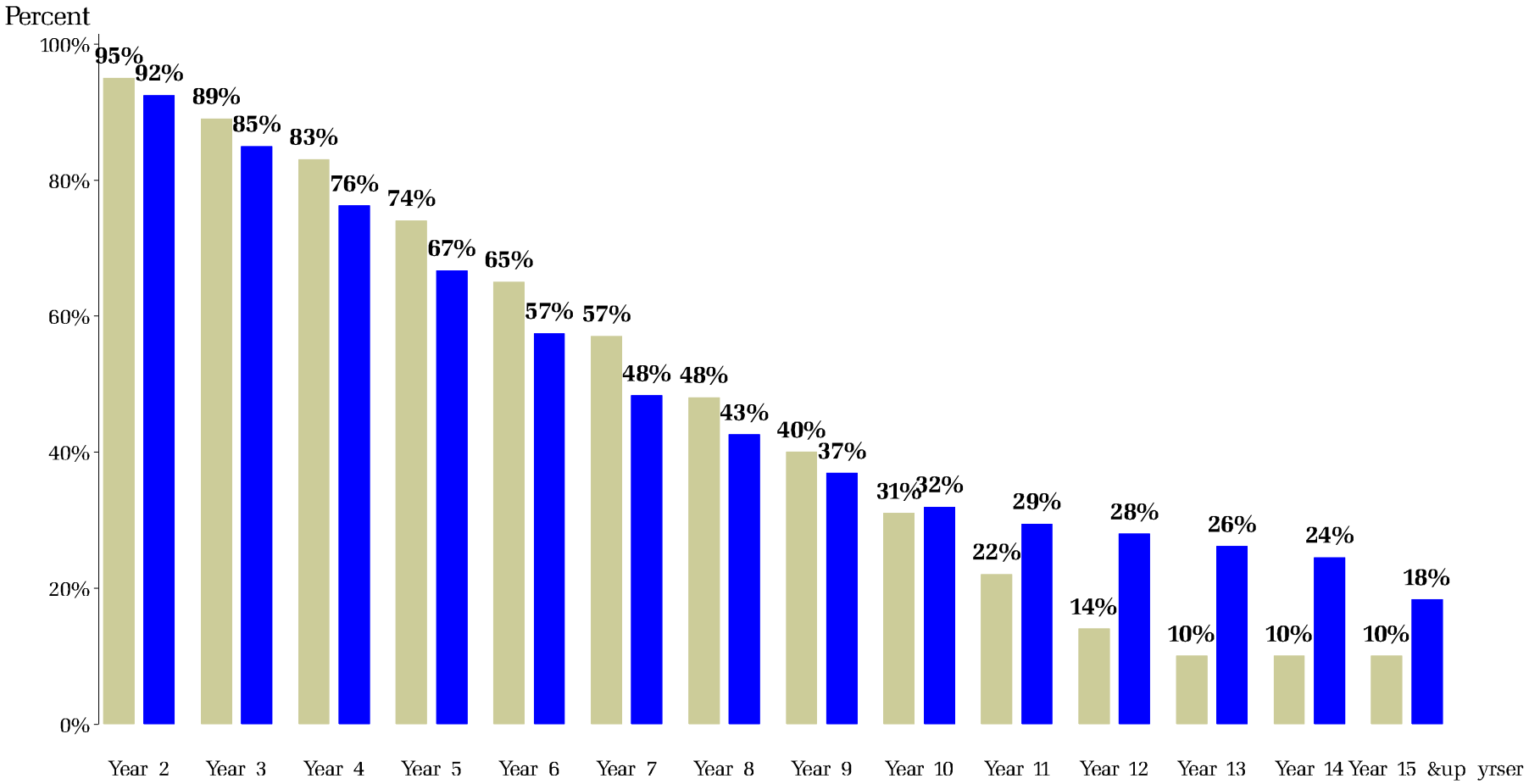
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for TOYOTA




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

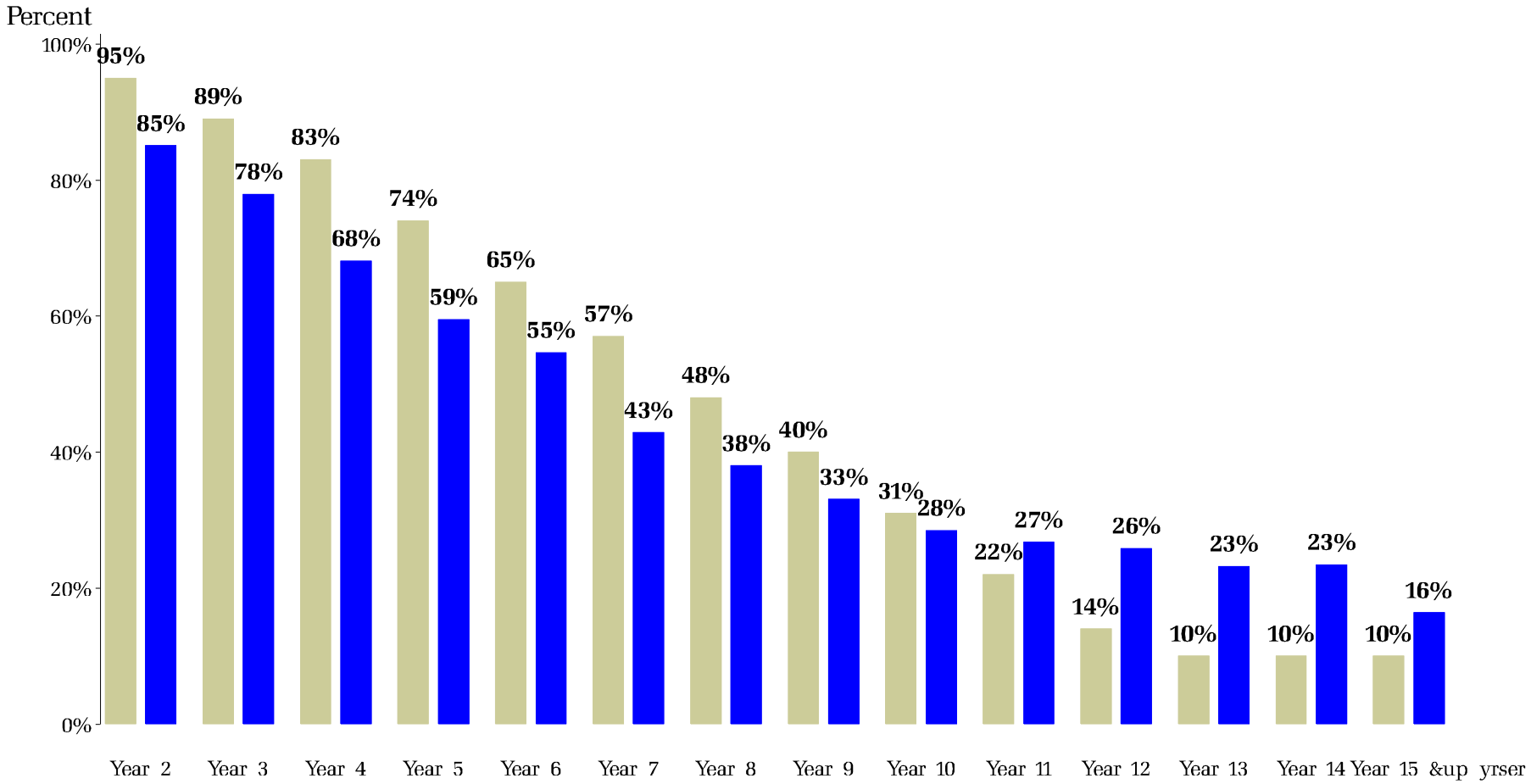
# Chart A–1

## Retail Vehicle Depreciation – Passenger Cars and Light Trucks

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for VOLKSWAGEN




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

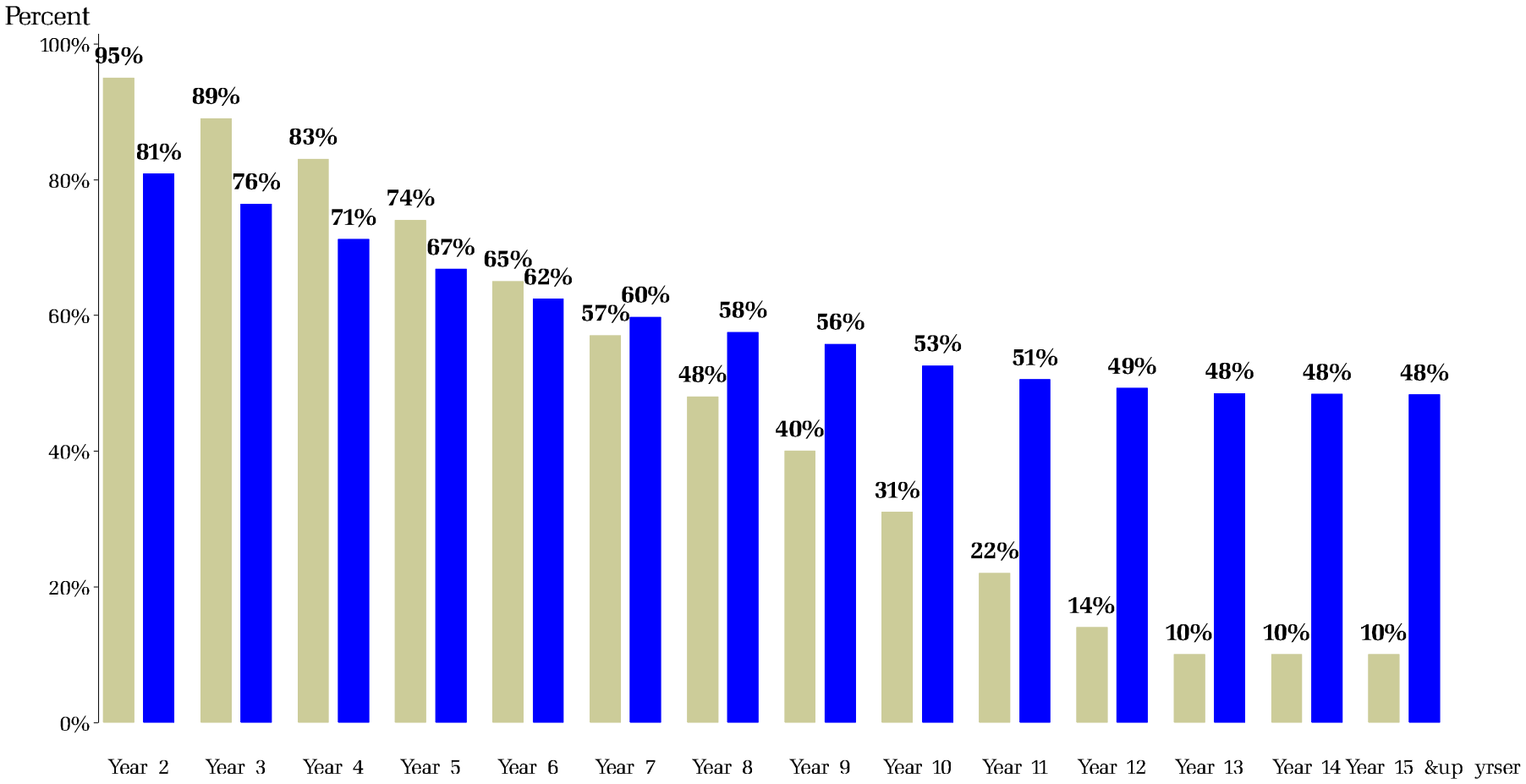
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for BMW**




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

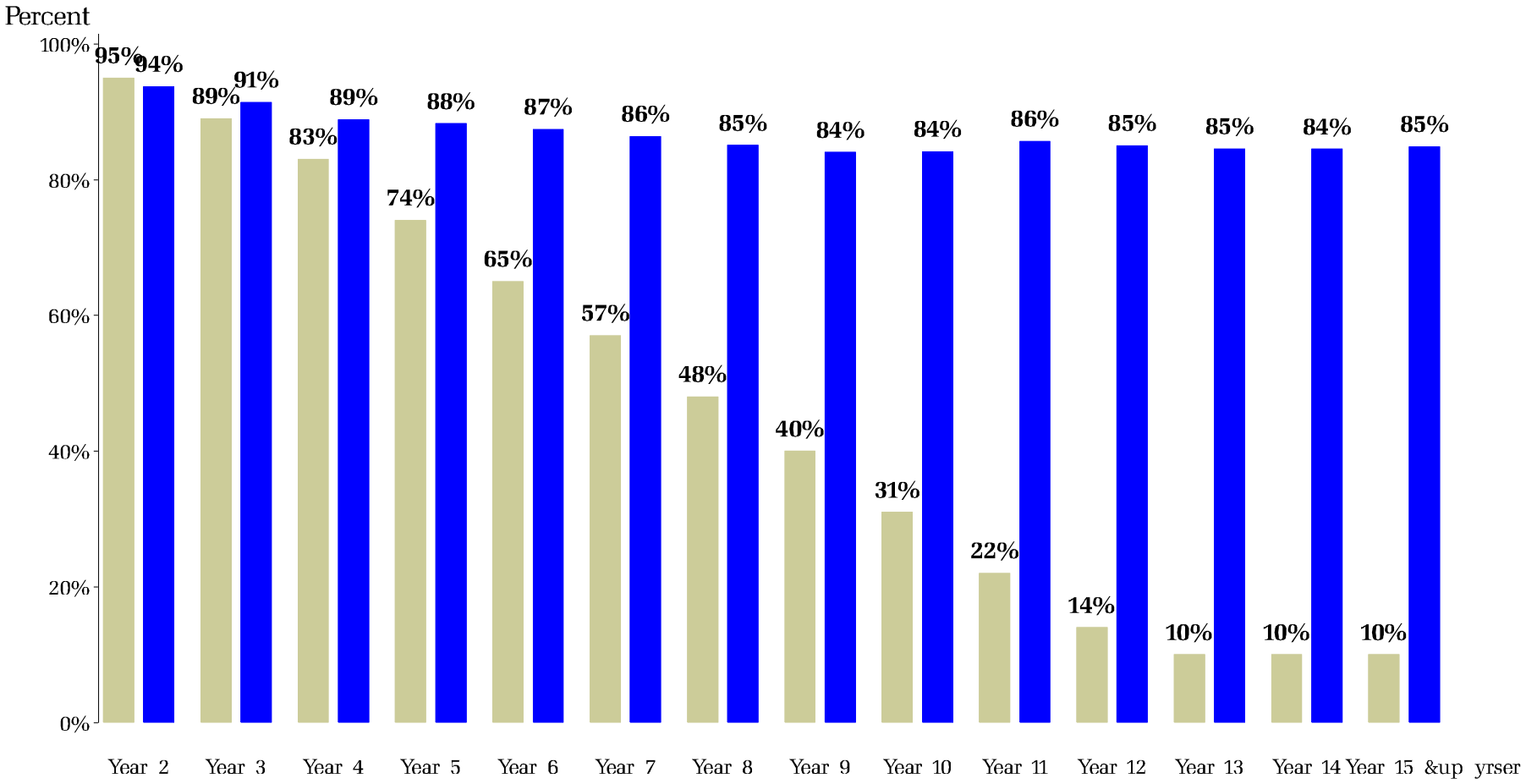
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for Harley – Davidson




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

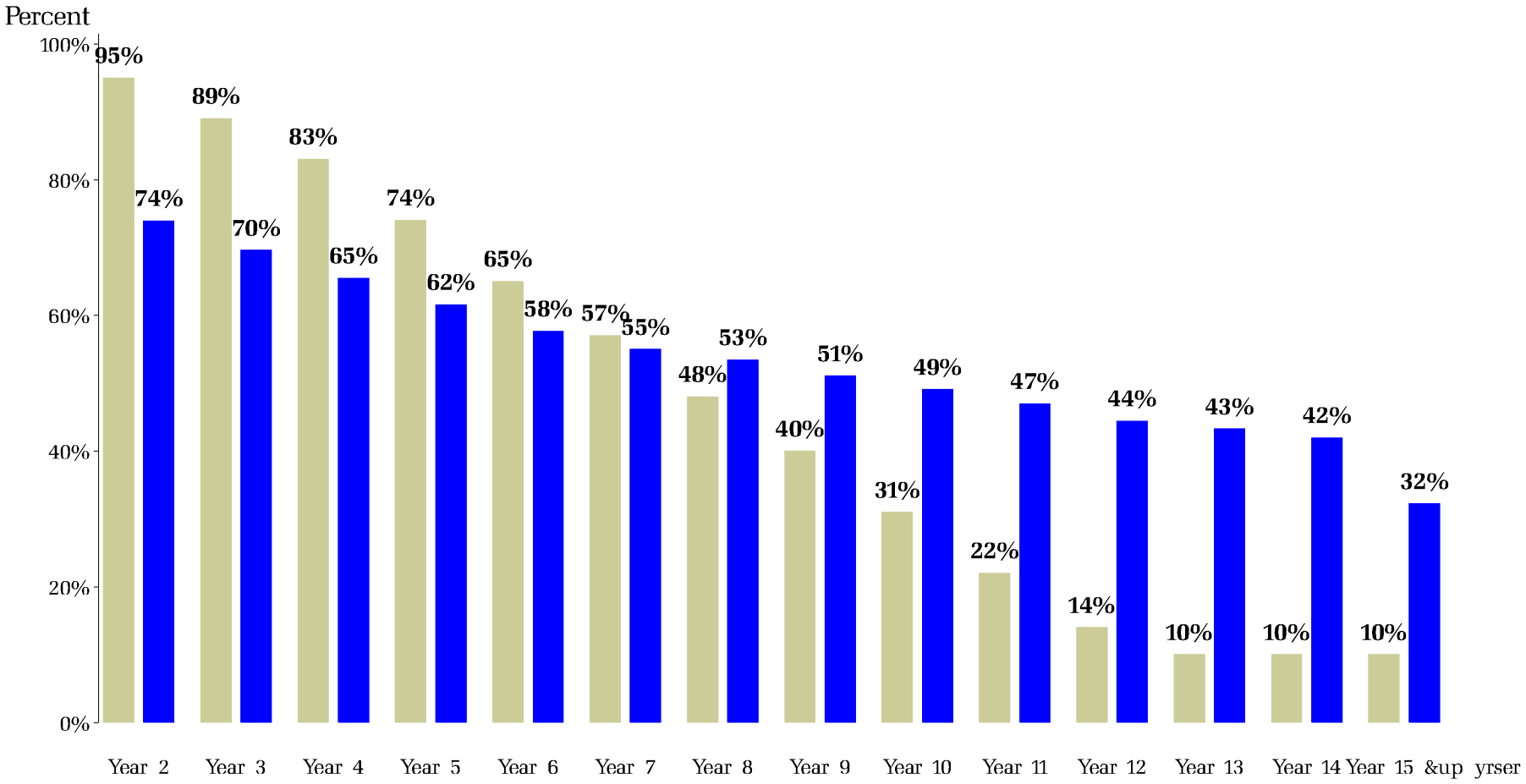
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for Honda**




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

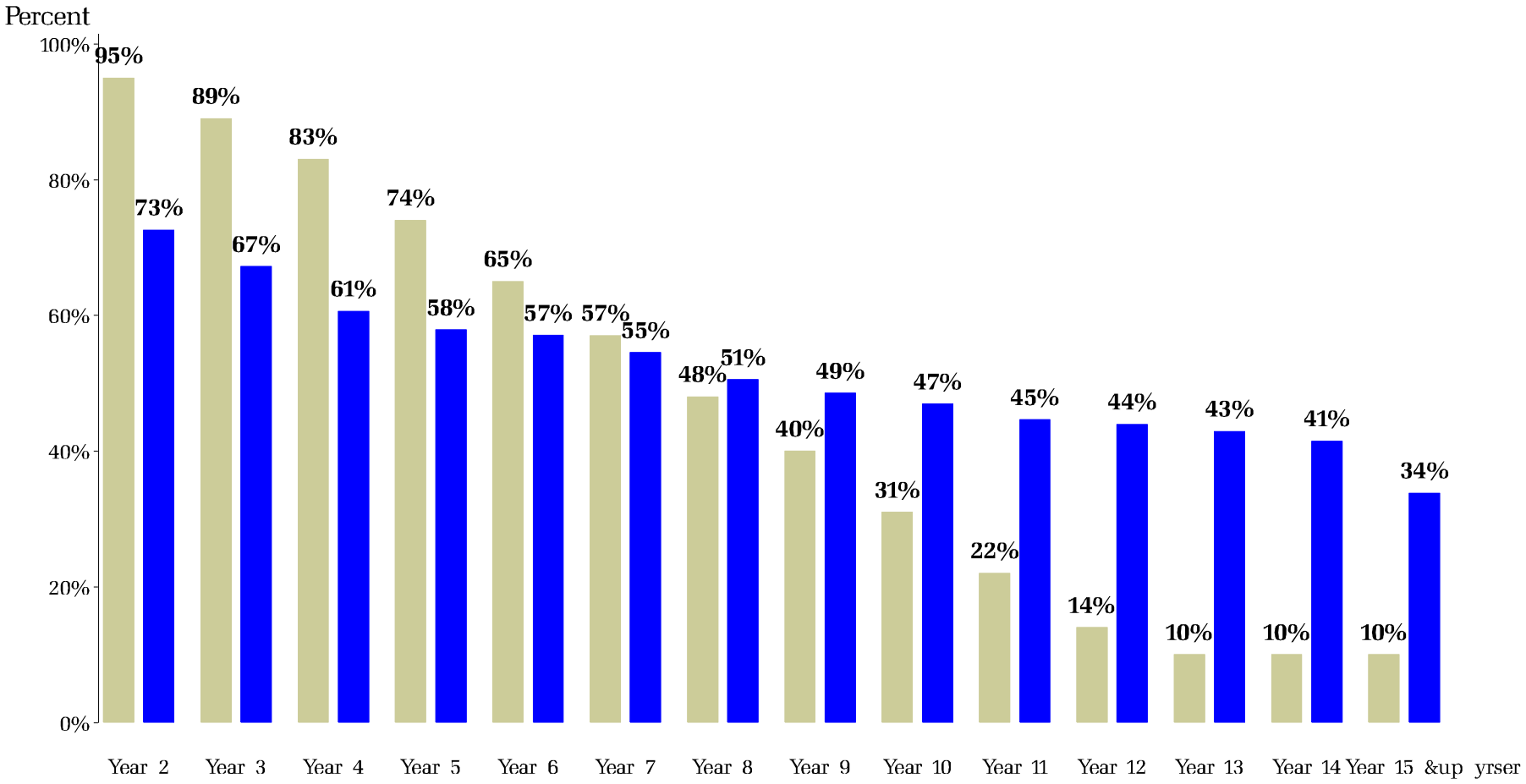
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

## Depreciation for Kawasaki




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

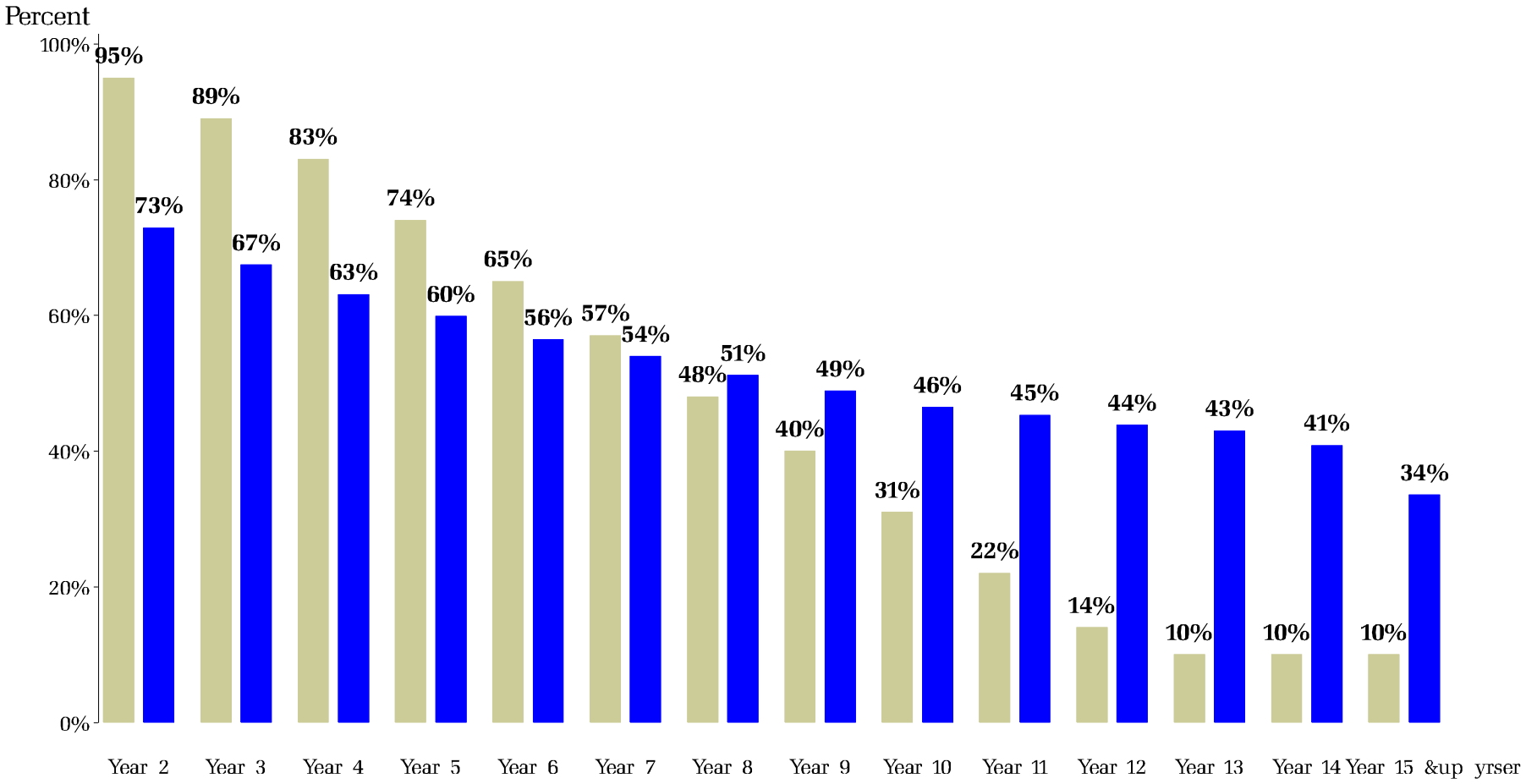
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for Suzuki**




**Depreciation as Percent of Vehicle's original MSRP**

**Current Depreciation Schedule** **Market Depreciation**

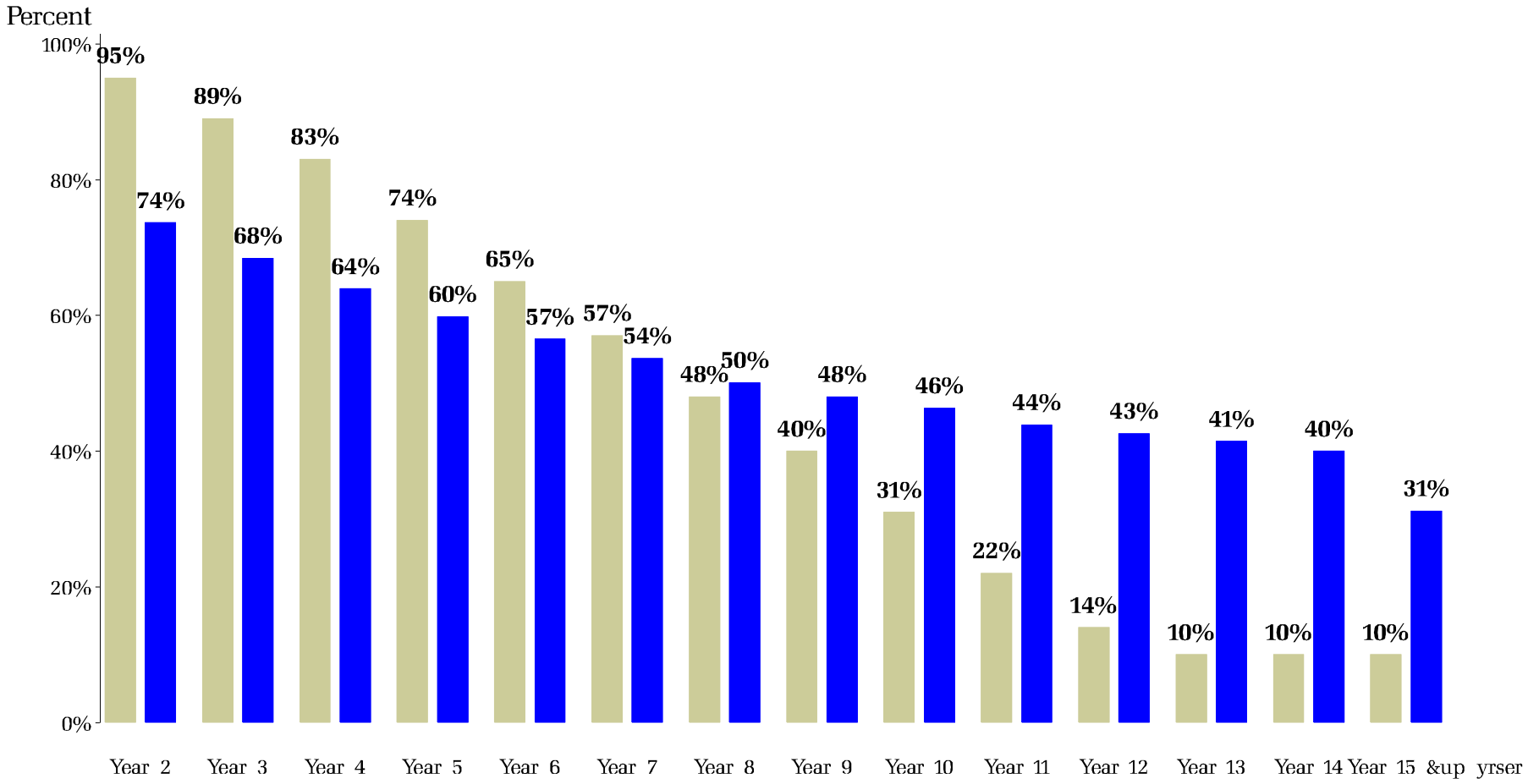
# Chart A – 2

## Retail Vehicle Depreciation – Motorcycles

Depreciation from Vehicle's original MSRP

Current Law Depreciation compared to Market Depreciation

**Depreciation for Yamaha**

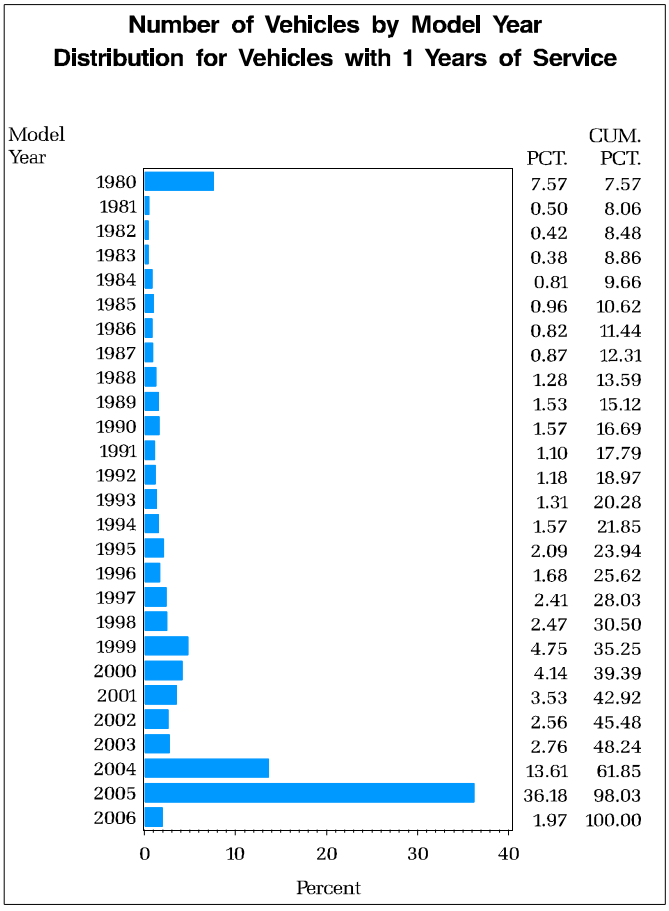


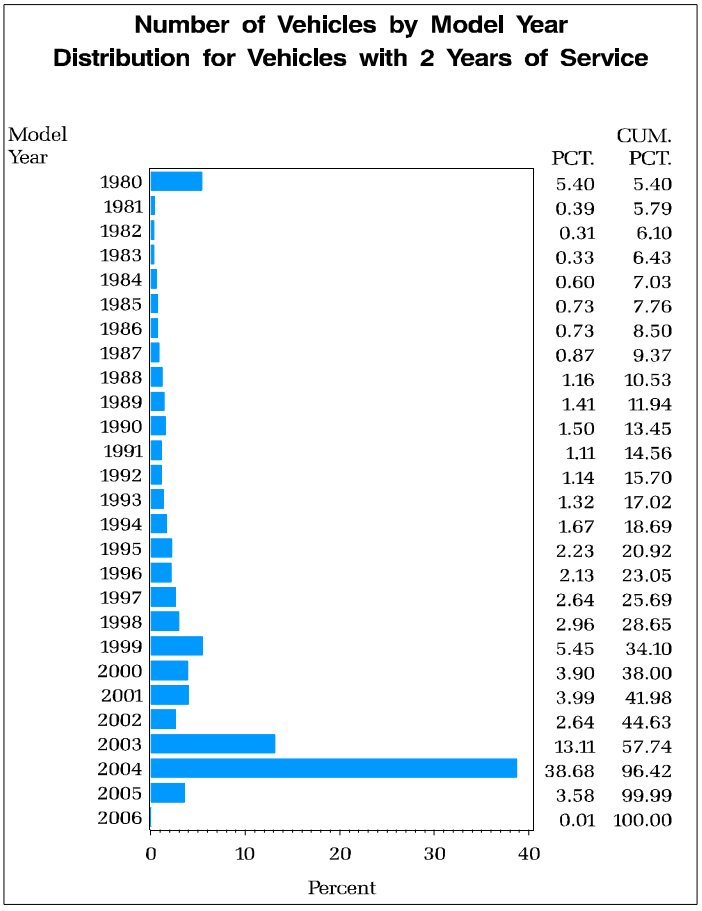

**Depreciation as Percent of Vehicle's original MSRP**

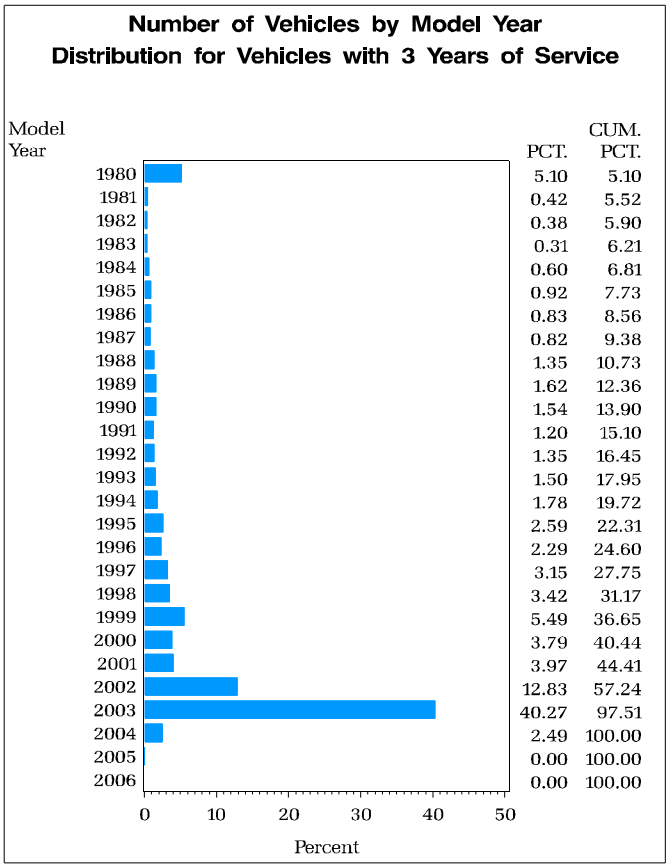
**Current Depreciation Schedule** **Market Depreciation**

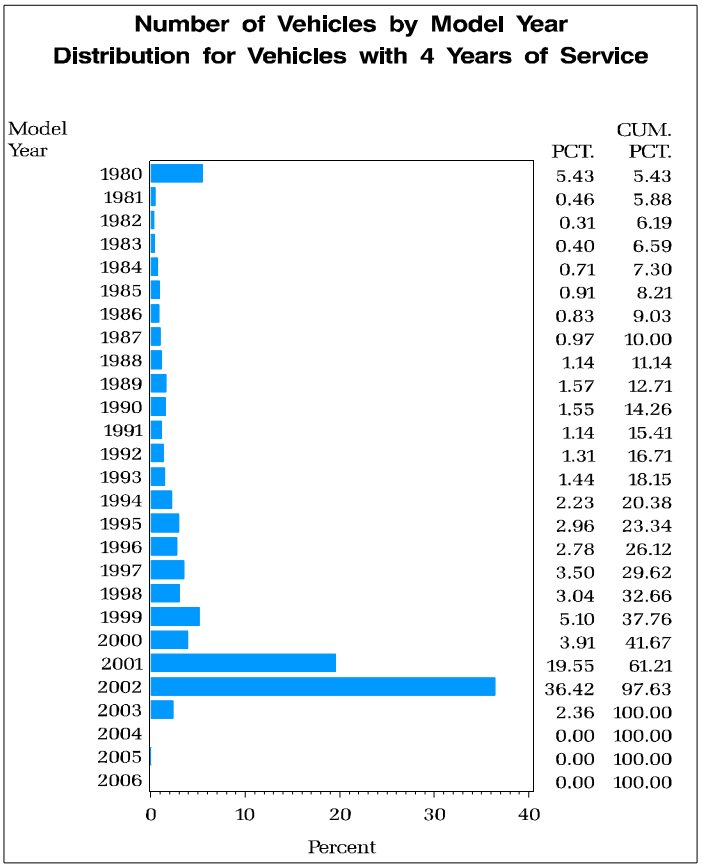
# Chart A– 3

## Heavy and Medium Trucks



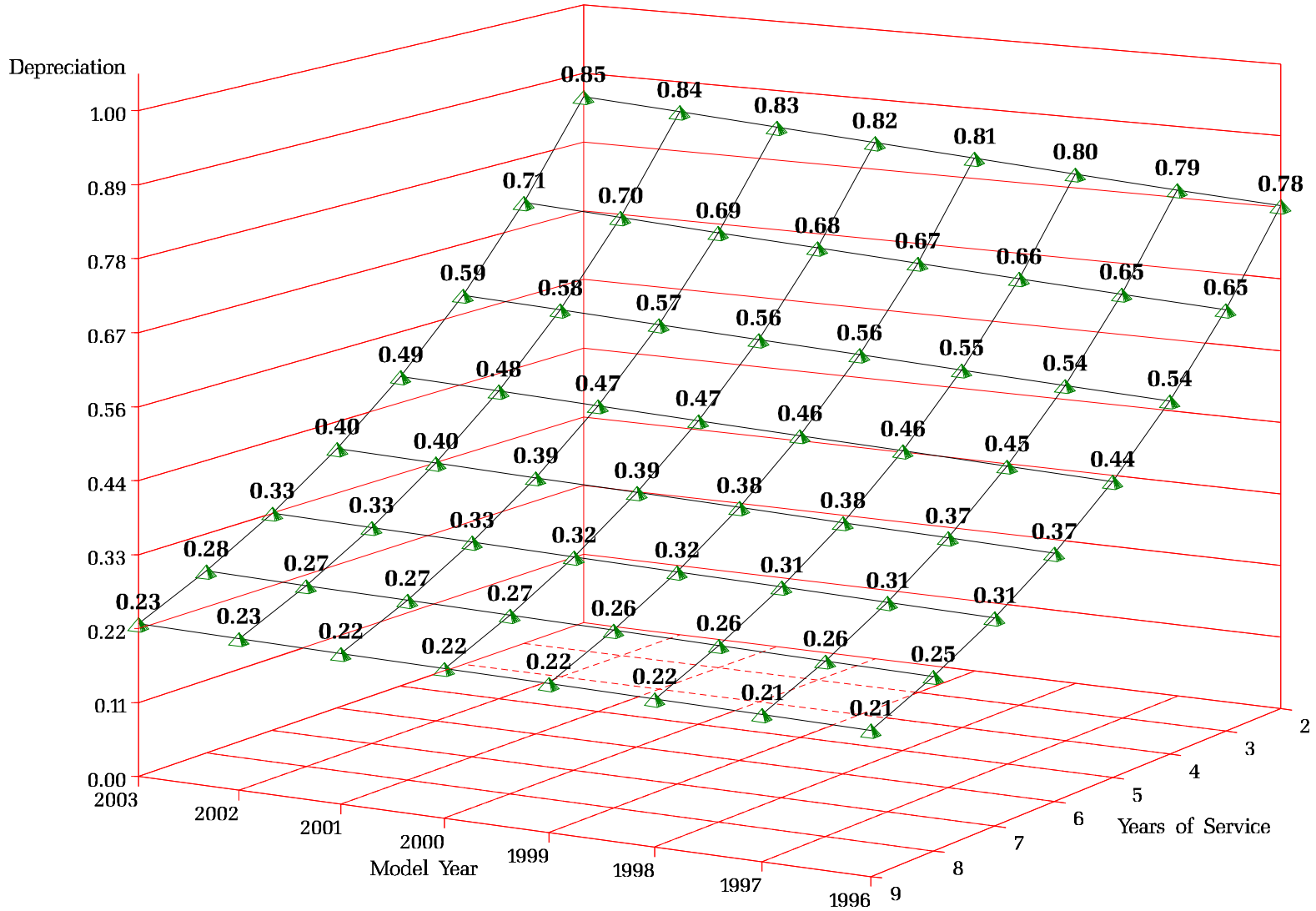



# Chart A – 4

## Heavy and Medium Trucks

Surface Plot of Estimated Depreciation of Heavy and Median Trucks Pooled Blue Book and NADA Data



# Appendix B – Reconciling RTA and Monorail Vehicle Counts

## Appendix B – Reconciling RTA and Monorail Vehicle Counts

| **Reconciling RTA and Monorail Vehicle Counts** | | RTA | Monorail |
|---|---|---|---|
| Potential FY2005 RTA or Monorail vehicles as measured in July 2004. | Number of vehicles with RTA or Monorail flag in July 2004 data set. | 1,876,828 | 379,548 |
| Vehicles moving out of RTA or Monorail district. | Number of vehicles in July 2004 data set but not in July 2005 data set with an indicator showing RTA or Monorail tax paid. | (427,804) | (110,805) |
| Vehicles new to RTA or Monorail during FY 2005. | Number of vehicles that show RTA or Monorail tax paid in the July 2005 data set that were not in July 2004 data set. | 460,917 | 66,120 |
| Vehicles showing RTA or Monorail tax paid in July 2005 data set. | Total in July 2005 data set | 1,909,941 | 334,863 |
| Vehicles that paid RTA or Monorail tax as shown in DOL and Monorail administrative records. | RTA count from DOL's administrative records. Monorail number from Monorail's analysis of count. | 2,102,531 | 366,716 |
| July 2005 data set undercount of vehicles that paid RTA or Monorail tax. | | 10.1% | 9.5% |
| | Out of the 427,804 vehicles that left the RTA district 192,590 vehicles paid the RTA tax before leaving. Out of the 110,805 vehicles that left the Monorail district 31,853 paid the Monorail tax before leaving. | 192,590 | 31,853 |

# Appendix C – History of the Motor Vehicle Excise Tax

## Summary of MVET History by Year

1937 Tax enacted at 1.5% of value - dedicated to common schools.

1943 Dedication changed (15% to cities and towns, 5% to the General Fund, 80% to common schools).

1945 Dedication changed (17% to cities and towns, 5% to the General Fund, 78% to common schools).

1957 General Fund share earmarked for school bonds using the School Equalization Fund.

1959 Rate increased to 2.0% of value.

1961 1st 2.0% used for administration - Remaining 98% distributed 17% to cities and towns, 5% to the General Fund, and 78% to common schools. Of city and town distribution, 4¢ per capita diverted to fund municipal research.

1969 Local 1.0% tax authorized for transit as a credit against the state tax - municipal research increased to at least 7¢ per capita.

1974
- School Equalization Fund eliminated - Amounts remaining after bond payments directed to the state General Fund.
- 7/30/81 expiration of the MVET for transit provided.

1975 Transit bonds limited (Only 10% of MVET can be used as pledge against bonds issued after 7/1/75).

1977 Rate increased to 2.2% (additional 0.2% dedicated to ferry construction until 8/1/2008).

1979
- Transit bonds limited (MVET cannot be used as pledge against bonds issued after 5/14/79).
- 7/30/81 expiration of the MVET for transit repealed.

1982 Rate increased to 2.288% consisting of 4% surtax (0.088% rate) dedicated to the General Fund - 2% of MVET revenues used for county sales tax equalization and portion of city distribution used for city sales tax equalization.

1983 Rate increased to 2.354% resulting from General Fund surtax increase to 7% (0.154% total surtax rate).

1987
- General Fund earmark for school bonds eliminated.
- Rate temporarily increased to 2.454% (0.1% for 1989 license renewals dedicated to ferry operations) and 1% transit match reduced in four counties to fund Rail Development Account.

1988 Temporary 0.1% rate for ferry operations extended to 1990 license renewals and joint committee established to study the MVET.

1990
- Vehicle valuation schedules and base rate changed - new 2.0% base rate revenue neutral with prior 2.454% rate (effective 9/1/90).
- The percentages deposited into the various accounts changed to reflect new base.
- 0.2% surtax added to base rate to be deposited in Transportation Fund (effective 9/1/90).
- Ferry operations funding made permanent.
- MVET available to, but not matched by, transit districts deposited into the Transportation Fund (effective 7/1/91).

- Maximum MVET available for transit match reduced from 0.815% (under new law) to 0.725% (effective 1/1/93).
- Additional revenue that could have been matched by transit under old rate (0.815%) directed to new accounts to fund transit related projects (effective 1/1/93).
- Rail Development Account replaced with the High Capacity. Transportation Account (effective 9/1/90).
- MVET equal to 5.0% of basic 2.0% rate transferred from General Fund to Transportation Fund (effective 7/1/93).
- Of new basic 2% rate, 5.9686% deposited into county criminal justice assistance account and 2.3874% deposited into municipal criminal justice assistance account for local criminal justice purposes.
- Voter-approved local option MVET in King, Pierce, and Snohomish counties of up to 15% of basic state rate for High Occupancy Vehicle lane development.
- Voter-approved local option MVET of up to 0.8% for transit agencies for funding high capacity transportation.

1992 Consumers required to pay 5.9% state and various local sales taxes on vehicle rentals in lieu of dealer paying MVET (effective 1/1/93).

1993
- Transit residual deposited into General Fund instead of Transportation Fund for 1993-95 biennium.
- Transfer of 5.0% of basic 2.0% rate from General Fund to Transportation Fund deferred from 7/1/93 to 7/1/95.
- Rate for trucks over 40,000 pounds increased from 2.2% to 2.78%; MVET eliminated for trailers used in combination with such trucks.
- City and town distribution of 8.83% for police, fire, and health reduced to 5.88% with the requirement to provide health services eliminated and the difference (2.95%) deposited into County Public Health Account for public health purposes.
- Municipal and county criminal justice deposits and distributions limited to $60 million for 1/1/94 to 7/1/95. Deposits beginning July 1, 1997, limited to previous year's deposit increased by the Implicit Price Deflator.

1994 Transit systems receiving less than 80% of the per capita statewide average sales and use tax are eligible for transit sales and use tax equalization payments from the transit residual (effective 1/1/96)

1995
- Distributions to High Capacity Transportation Account modified to fund newly-created Passenger Ferry Account
- County Public Health Account created into which is deposited the 2.95 percent to be distributed to counties for public health purposes.

1996 Local option high capacity transportation tax of 0.3% approved in Regional Transit Authority (portions of King, Pierce, and Snohomish Counties) increasing MVET rate from 2.2% to 2.5% effective April 1, 1997.

1997 Excess criminal justice account deposit over their implicit price deflator limit redirected from the General Fund to the Violence Reduction and Drug Enforcement Account.

1998 Referendum 49 changes the MVET structure and distribution and provides a $30 tax credit.

- Surtax of 0.2% of vehicle value eliminated; MVET rate consolidated at 2.2%.
- Depreciation schedule adjusted to reduce tax liability for vehicles 2-3 years old.
- Distribution to motor vehicle fund increases to finance new highway construction projects.
- General Fund receives no MVET revenue; MVET distributions to transit systems and transportation related accounts paid out of the State's Transportation Fund. Transportation Fund receives additional MVET revenue to make transit distributions.
- Yakima Transit and Everett Transit eligible to receive MVET distributions;
- MVET distributions to county and municipal criminal justice accounts decrease; General Fund revenues replace and supplant criminal justice distributions.
- Eliminates funding for violence reduction and drug enforcement account; and,
- Increases distributions for municipal sales and uses tax equalization.

1999 Initiative 695 approved by the voters at the November 1999 general election to take effect on January 1, 2000.

- Set the basic registration fee at $30 for passenger vehicles, motorhomes, travel trailers, motorcycles, and other trailers.
- Repealed the MVET computed at 2.2% of a vehicle's value and the distribution formula approved by the voters in Referendum 49.
- Repealed the travel trailer and camper excise tax at 1.1% of a vehicle's value;
- Distribution for transit systems is repealed.
- The clean air tax was repealed.
- The valuation of motor vehicles for motor vehicle tax purposes was repealed.
- The Department of Licensing after December 31, 1999 was not to collect the motor vehicle excise tax or maintain the schedules.

2000 SB 6865 Passed by the Legislature

- On March 14, 2000, the King County Superior Court invalidated Initiative 695 in its entirety on several grounds.
- The Legislature passed SB 6865. The current license tab fees were replaced with an annual license tab fee of $30 for motor vehicles, regardless of year, value, make, or model, beginning January 1, 2000, and the taxes on motor vehicles, travel trailers, and campers were repealed.
- Provisions of I-695 were enacted by SB 6865.

## History of the Motor Vehicle Excise Tax

Original Enactment - 1937

The motor vehicle excise tax was first enacted in 1937. Prior to that time, personal property taxes were imposed on motor vehicles. The personal property tax was replaced with an excise tax on motor vehicles because the property tax was highly controversial, was inefficient to collect, and provided too much opportunity for tax avoidance.

Prior to 1937, the personal property tax on vehicles came increasingly under scrutiny. First, personal property taxes, like real property taxes, are due and payable in the year following the year of assessment. This meant that, in many cases, an individual owed taxes long after a vehicle was sold. Second, assessors throughout the state differed on the precise method and manner of valuing vehicles. There were no standards of assessment, no centralized state oversight, and no common procedure. Third, due to the economic impact of the Great Depression, real values of vehicles were not known. In many cases, assessors used discounted values as a substitute for known values. The result was a great disparity of taxation among vehicles throughout the state.

During the 1937 legislative session, the Legislature debated substituting an excise tax, based upon the "privilege" of owning and operating a motor vehicle, for the personal property tax. Much of the debate centered on the rate of tax. It was reasoned that an excise tax should roughly reflect the aggregate rate of property taxes. Property taxes were higher than the current 1.0 percent constitutional limit of today. Rates at that time were closer to 2.0 percent. A rate of 1.5 percent was approved and the first motor vehicle excise tax was adopted in Senate Bill 291. The tax took effect in January, 1938, and the personal property tax on vehicles was repealed. However, this change was not made without challenge.

The Legislature, in enacting the motor vehicle excise tax (MVET), provided that automobile dealers' inventories were subject to ad valorem (property) tax and not the new motor vehicle excise tax. In 1937, the Thurston County Commissioners instituted an action in mandamus to require the assessor to list and assess motor vehicles for ad valorem tax purposes, arguing that the tax was a property tax and therefore subject to the uniformity requirements in Article VII of the state Constitution. The state Supreme Court held that the tax was an excise tax upon the use of personal property and therefore not subject to the demands of equality and uniformity in taxation under Article VII. *State ex. rel. Hansen v. Salter*, 190 Wash. 703 (1937).

The Legislature used the revenues from the tax in the same manner as the previously imposed personal property tax. The revenues were thus earmarked to the state School Equalization Fund for the operational support of the common schools. The first biennial appropriation from the fund was $1.5 million.

Expanded Use of MVET Revenues - 1943-1945

In 1943, the Legislature expanded the uses of MVET revenues and the first percentage allocation was enacted. Five percent of MVET revenues was dedicated to the state General Fund; 15 percent of the revenues to cities and towns, distributed ratably based on population, and 80 percent was retained for the common schools.

The inclusion of a distribution of revenues to cities and towns began at 15 percent of total collections. The rationale was that city and town revenues had been reduced by the elimination of the personal property tax on automobiles in 1937 and, to replace that lost revenue, a distribution from the MVET was desirable. The Legislature required cities and towns to use the revenues for police, fire, and public health purposes.

In 1945, the Legislature increased the share to cities and towns from 15 percent to 17 percent and reduced the share for the common schools from 80 percent to 78 percent.

Excise Tax for School Construction - 1957

In 1957, school construction needs entered the debate on the uses of the MVET. The Legislature authorized the first major school construction bond issue of $52 million to be sold "prior to April 1, 1961." Revenues from the MVET and cigarette tax were pledged to retire the bonds and an annual bonded indebtedness payment was set in law at $2.2 million for 30 years. The Legislature stated that the bond issue was "not a general obligation of the state." Instead, revenues were earmarked from the MVET and cigarette tax to retire the bonds.

In 1963, an additional $16.5 million in school construction bonds were authorized by the Legislature, and MVET and cigarette tax revenues were again pledged to their payment.

Excise Tax Rate Increased - 1959

The tax rate was increased from 1.5 percent to 2.0 percent in 1959. No changes were made in the uses of the revenues.

Municipal Research - Other Changes - 1961-1969

In 1961, the Legislature dedicated a portion of the cities' 17 percent share ($0.04 per capita of total city and town population) to the Bureau of Governmental Research at the University of Washington to conduct municipal research. The funding was subtracted from the city and town distribution of MVET revenues.

The Legislature also changed the percentage allocation of MVET revenues to reflect the cost of administration. A total of 2.0 percent of MVET revenues was allocated for administration and collection. From the remaining 98 percent, 17 percent was dedicated to cities and towns, 5 percent was dedicated to the General Fund, and 78 percent was dedicated to the common schools.

In 1969, the $0.04 per capita allocation to municipal research was increased to "at least" $0.07 per capita, and a new organization known as the "municipal research and services center" was created to assist the state's cities and towns. The funding continued to be diverted from the cities' 17 percent distribution.

Public Transportation Funding - 1969-1972

In 1969, the Legislature provided for the use of the MVET to fund public transportation activities. Transit operating authorities (cities and metropolitan municipal corporations) were authorized to levy a 1.0 percent local MVET to support local transit efforts. The local tax rate was to be credited against the state's 2.0 percent tax rate. Therefore, the effective tax rate to residents within the transit district was not changed. This taxing authority began what is now referred to as the state's "matching" portion for transit funding. Transit operating agencies were required to match locally imposed MVET revenues with other local tax resources and could pledge MVET revenues to bonds for transit purposes. While approved by the Legislature in 1969, this authority was not effective until July 1, 1971.

The impact of the 1969 statutory changes for transit funding from the MVET was not fully realized until the Legislature subsequently authorized the use of a local option sales tax for matching locally imposed MVET. The sales tax was authorized in 1971 for imposition after July 1, 1972, for King County and cities and metropolitan municipal corporations in King County. In authorizing the tax in 1971, the Legislature limited to $3.0 million the amount of sales tax that could be used as a match for MVET revenues for fiscal year 1973. The sales tax generated far more revenue than the other local option taxes such as the utility tax and the B&O tax, thus enabling transit agencies to impose higher rates of MVET. The Legislature excluded sales tax as a match for MVET revenues after June 30, 1973; however, this provision was vetoed by the Governor.

Technical amendments were required for the MVET transit allocation in 1971 and 1972. Population designation for transit distributions was changed to correct situations in which transit districts were larger than one city or one county in order to equalize the distributions. In 1972, various other code corrections were made.

State School Equalization Fund Eliminated - Transit Changes - 1974-1975

In 1974, the Legislature eliminated the state School Equalization Fund and transferred the assets to the state General Fund for school funding purposes. In addition, the Legislature provided a June 30, 1981, expiration date for use of the MVET for transit. Restrictions were placed on the matching of MVET transit revenues. The Legislature required the use of "budgeted" revenues as an additional limit on the basis for transit agencies to receive their calendar quarter MVET matching distributions.

In 1975, the local MVET was extended to the two new special purpose transit districts authorized in 1974 and 1975 (County Transportation Authorities and Public Transportation Benefit Areas). The new districts enabled most urban areas of the state to establish regional transit agencies, funded in part through a local option sales tax and the

MVET. Also in 1975, transit systems were restricted to pledging a maximum of 10 percent of the MVET revenues for bond debt service on bonds issued after July 1, 1975.

Other 1975 legislation regarding MVET distributions for transit was challenged in a lawsuit brought by the Municipality of Metropolitan Seattle (METRO). After authorizing the MVET for transit in 1971, the Legislature had appropriated funds for distribution from the state treasury to transit systems levying the appropriate local tax. In 1975, the Legislature appropriated sufficient funds to the transit systems to cover their debt service on bonds, but appropriated the remaining funds to other non-transit purposes. METRO challenged this action, alleging that transit match moneys were not subject to appropriation.

The state Supreme Court, in *METRO v. O'Brien*, 86 Wn.2d 339 (1976), held that special motor vehicle excise taxes levied for public transit purposes, and deposited on behalf of the levying authority in the state treasury, did not constitute state funds subject to appropriation under Article IV, section 8 of the state Constitution. Thus, the State Treasurer was required to automatically remit MVET matching funds to eligible transit systems.

State Ferry System - Transit Revenues - 1977-1979

In 1977, another "transportation" function was added to the list of revenue uses of the MVET. The Legislature approved an additional tax rate of 0.2 percent that was dedicated to the Puget Sound Capital Construction Account for state Ferry System capital programs. The 0.2 percent rate was pledged against bonds authorized from August 1, 1978, to August 1, 2008, for ferry capital construction. The MVET rate was now 2.2 percent. Moneys in excess of those necessary for bond service and capital programs could be used for operations if appropriated for this purpose by the Legislature.

Local Government Funding & MVET Rate Changes - 1982

Major revenue changes were authorized in 1982 for cities and counties. The Legislature granted cities and counties authority for an additional 0.5 percent local option sales and use tax or a 0.5 percent real estate excise tax. Mindful of the inequities of sales and use tax revenues among local units of government, the Legislature created the local sales and use tax equalization programs. However, the funding for the city and county programs were different.

First, the city sales and use tax equalization program was funded with the cities' 17 percent distribution from existing MVET revenue allocations. The Legislature authorized 35 percent of the 17 percent to be set aside in a "municipal sales and use tax equalization account" to be used to fund sales tax equalization. The remaining 65 percent of the 17 percent, plus any moneys remaining after the equalization funds were distributed, were returned to cities and towns based on population.

Counties, on the other hand, received a new dedication of moneys from the MVET. The Legislature authorized 2.0 percent of MVET revenues to be used for county equalization purposes. Moneys in excess of the amounts needed to make the distributions were returned to the General Fund.

Additionally in 1982, the Legislature authorized a temporary 4 percent surcharge which was to expire July 1, 1983. This surtax was added to the 2.2 percent MVET rate and was deposited into the state General Fund. The total rate was now 2.288 percent. Later in 1982, this surtax was increased to 7.0 percent, effective October 1, 1982, decreasing to 3.0 percent July 1, 1983, and expiring October 1, 1983. However, the Legislature made the 7.0 percent surtax permanent later in 1983. The total tax rate was now 2.354 percent.

Rail Development Account - 1987

In 1987, the Legislature dedicated a portion of MVET revenues to fund the newly created Rail Development Account. This was accomplished without affecting the General Fund by reducing the maximum MVET rate for transit systems in King, Snohomish, Pierce, and Thurston Counties from 1.0 percent to 0.96 percent and by dedicating an amount equal to 4.2 percent of the transit-related MVET revenues raised in those counties to the Rail Development Account.

State Ferry System - 1987-1988

In 1987, the Legislature authorized a 0.1 percent rate increase in the MVET for ferry operations. The total tax rate was now 2.454 percent. This 0.1 percent rate was to expire in 1989. In 1988, the Legislature extended the expiration date to 1990 and created a joint committee to study the MVET.

Simplification - Transportation & Criminal Justice Funding - 1990

Simplification. As a result of the MVET study in 1988, a major simplification of the MVET statutes was adopted, effective September 1, 1990. The tax was imposed on the base Manufacturer's Suggested Retail Price and depreciated over 13 years based on a statutory formula. This allowed a rate decrease from 2.454 percent to 2.0 percent. The percentages that were deposited into the various accounts was changed to reflect the new base. The local MVET rate for transit systems was reduced from 1.0 percent to 0.815 percent. Ferry operations funding was made permanent. The simplification was revenue neutral.

Additional Transportation Funding. A 0.2 percent surtax was added to the base rate to be deposited into the newly created Transportation Fund, making the total rate 2.2 percent. Effective July 1, 1991, MVET revenues available to, but not matched by, transit agencies (otherwise known as the transit residual) was to be deposited into the Transportation Fund. Effective July 1, 1993: 1) the maximum MVET available for transit matching purposes was reduced from 0.815 percent (under the new law) to 0.725 percent, 2) the additional revenue that could have been matched by transit systems if they had been imposing the old rate (0.815 percent) was directed to new accounts to fund transit-related

projects, 3) the Rail Development Account was replaced with the High Capacity Transportation Account, and 4) MVET equal to 5.0 percent of the new basic 2.0 percent rate was transferred from the General Fund to the Transportation Fund.

Local Option MVET for Transportation. Two local MVET options were authorized for transportation programs. King, Pierce, and Snohomish counties were also authorized to impose a voter-approved MVET of up to 15 percent of the basic 2 percent state MVET rate to fund high occupancy vehicle (HOV) lanes. Also, transit agencies in the state's eight most populous counties were authorized to impose, with voter approval, up to an 0.8% MVET to fund high capacity transportation (HCT) system plans. MVET rate for both HCT and HOV funding may not exceed 0.8 percent and trucks over 6,000 pounds were not subject to the local tax.

Local Criminal Justice Funding. In special session, the Legislature approved legislation diverting MVET revenues from the General Fund to cities, towns, and counties for local criminal justice purposes. Of the basic 2 percent rate, 5.9686 percent was to be deposited into the County Criminal Justice Assistance Account and 2.3874 percent, in 2 equal parts of 1.1937 percent, was to be deposited into the Municipal Criminal Justice Assistance Account for local criminal justice purposes.

Regional Transit Authority - Exemption for Rental Car Companies - 1992

Authority to impose the local option 0.8% MVET to fund high capacity transportation (HCT) system plans for agencies in King, Pierce, and Snohomish counties was transferred to the Regional Transit Authority.

In 1988, Washington joined the International Registration Plan (IRP) which is a multi-state agreement developed to allow interstate truck fleets to pay license fees based on fleet miles operated in various jurisdictions. The IRP also allowed interstate car rental agencies to allocate their license fees among states. There were complaints from instate car rental companies that most cars on some companies' lots had Oregon license plates. The Legislature enacted legislation to remedy this problem. Effective January 1, 1993, rental vehicles were exempted from the MVET, and additional sales tax authority was granted to transit agencies on vehicle rentals. An additional state sales tax of 5.9 percent on vehicle rentals was also authorized. The revenues were distributed in the same manner as the MVET. Additionally, a 1.0 percent county sales tax on vehicle rentals was authorized for public sports stadia and youth sports facilities.

Transportation Revenues Diverted - Other Changes - 1993

Temporary Diversion of Transportation Revenues. Legislation provided that the transit residual (the difference between matched local transit revenues and the potential match under a 0.815 percent rate, less amounts deposited into the transit accounts) be deposited into the General Fund instead of the Transportation Fund for the 1993-95 biennium, and the transfer of 5.0 percent of the basic 2.0 percent rate from the General Fund to the Transportation Fund that was to begin July 1, 1993, was deferred to July 1, 1995.

Modification of Heavy Truck Taxation. Because fees for commercial trailers used in interstate commerce were not prorated under the IRP, the state's high MVET rate placed an additional burden on the state's trucking industry. To compensate for this, the Legislature increased the MVET rate from 2.2 percent to 2.78 percent for truck-type power units used with trailers for loads over 40,000 pounds, other than power units used exclusively for hauling logs, and exempted the trailers.

Local Public Health Distribution. Under the Health Services Act, the responsibility of governance of local public health boards was placed solely with counties or groups of counties that form health districts. The city and town distribution, reduced to 8.83 percent under simplification, for police, fire, and health was reduced to 5.88 percent and the requirement to provide health services eliminated, effective July 1, 1995. The difference (2.95 percent) was to be distributed to counties for public health purposes.

Criminal Justice Distributions Limited. The Legislature limited municipal and county criminal justice deposits and distributions to $60 million for the period January 1, 1994 to July 1, 1995. Deposits beginning July 1, 1997, were limited to the previous year's deposit increased by the implicit price deflator. The excess was to be deposited into the General Fund.

Transit System Sales Tax Equalization - 1994

In 1994, the Legislature provided that transit agencies receiving less than 80 percent of the per capita statewide average sales and use tax are eligible for transit sales and use tax equalization payments from the transit residual, effective January 1, 1996.

Passenger Ferry & County Public Health Accounts - 1995

Distributions to High Capacity Transportation Account were modified in 1995. A sum equal to 4.5 percent of the local MVET levied by transit agencies in King, Pierce, Snohomish, Thurston, Clark, Yakima, and Spokane Counties was deposited into the High Capacity Transportation Account and 4.5 percent of the local MVET levied by transit agencies in Kitsap County was deposited into the Passenger Ferry Account to fund passenger ferry capital construction. In addition, the Legislature created the County Public Health Account into which was deposited the 2.95 percent to be distributed to counties for public health purposes.

Regional Transit Authority Tax Approved by Voters - 1996

Voters in the Regional Transit Authority (portions of King, Pierce, and Snohomish counties) approved a 0.3% local MVET for a high capacity transportation system, effective April 1, 1997, which increased the total MVET rate in the RTA from 2.2% to 2.5%.

Excess Criminal Justice Deposits Redirected - 1997

In 1993, the Legislature limited deposits to the criminal justice accounts beginning July 1, 1997, to the previous year's deposit increased by the implicit price deflator with the excess to be deposited into the General Fund. In 1997, the Legislature redirected the excess to the Violence Reduction and Drug Enforcement Account.

Referendum 49 Provides Additional Revenue for Transportation - 1998

Referendum 49 changed the MVET structure and distribution and provided a $30 tax credit. The MVET rates were consolidated at 2.2% with an adjustment to the depreciation schedule to reduce the tax liability on vehicles that were 2 to 3 years old. Distributions to the Motor Vehicle Fund increased to finance new highway construction projects and the Transportation Fund receives additional revenues to make transit distributions.

Initiative 695 voted in by the voters in the November General Election - 1999

Initiative 695 Voters pass I-695 to eliminate the motor vehicle excise tax and set the basic vehicle registration fee at $30.

Senate Bill 6865 passed by the Legislature – 2000

After I-695 was invalidated on March 14, 2000 by the King County Superior Court, the Legislature passed SB 6865 to implement the provisions of I-695.

# Appendix D – Other State's Registrations

| | Basic License Fee | Other |
|---|---|---|
| **Alabama** | | |
| Passenger vehicles | $13 plus $10 annual | |
| Trucks | Gross weight fee varies | |
| **Alaska** | | |
| Passenger vehicles | $35 | |
| Trucks under 6,000 lbs | $40 | |
| Vehicles for hire | Gross weight fee | |
| **Arizona** | | |
| Passenger vehicles | $8 annual flat rate | New vehicle license tax $2.95 for each $100<br>Used vehicle license tax $$3.04 for each $100<br>Rate decreases with general fund revenues. |
| Commercial vehicles | Gross weight fee | |
| **Arkansas** | | |
| Passenger vehicles under 3,000 lbs | $17 annual fee | |
| Passenger vehicles under 4,500 lbs | $25 annual fee | |
| Passenger vehicles over 4,500 lbs | $30 annual fee | |
| Trucks | Aaries | |
| **California** | | |
| All vehicles | $31 annual | Annual vehicle license fee equal to 2% of vehicle market value payable at original or renewal registration. This is based on cost price. |
| Commercial Vehicles | Gross weight fee | |
| **Colorado** | | |
| Passenger vehicles | Registration fee based on age of vehicle<br>$14.50 - $9.50 | |
| Trucks | Gross weight fee | |
| **Connecticut** | | |
| Passenger vehicles | $70 every two years | |
| Trucks | Gross weight fee | |
| **Delaware** | | |
| Passenger vehicle | $20 per year | |
| **District of Columbia** | | |
| Passenger vehicles under 3,499 lbs | $55 annual fee | |
| Passenger vehicles over 3,500 lbs | $88 annual fee | |
| Trucks | Fee based on shipping weight | |

| | | |
|---|---|---|
| **Florida** | | |
| All vehicles | $100 fee on initial registration | |
| Passenger vehicles under 2,000 lbs | $14.50 annual fee | |
| Passenger vehicles under 3,500 lbs | $22.5 annual fee | |
| Passenger vehicles over 3,500 lbs | $32.50 annual fee | |
| Trucks | Gross weight fee | |
| **Georgia** | | |
| Passenger vehicles | $20 annual fee | |
| Trucks | Gross weight fee | |
| Hawaii | | |
| Passenger vehicles | $20 annual fee | |
| Passenger vehicles: weight tax | | |
| under 4,000 lbs | 0.75¢ per pound net weight | |
| under 7,000 lbs | 1¢ per pound net weight | |
| under 10,000 lbs | 1.25¢ per pound net weight | |
| over 10,000 lbs | $150 flat fee | |
| **Idaho** | | |
| Passenger vehicles less than 8,000 lbs: | | |
| one to two years old | $36.48 annual fee | |
| three to four years old | $33.48 annual fee | |
| five to six years old | $26.28 annual fee | |
| seven to eight years old | $22.68 annual fee | |
| over eight years old | $16.08 annual fee | |
| Trucks | Gross weight fee | |
| **Illinois** | | |
| Passenger vehicles | $78 annual fee | |
| Trucks | Gross weight fee | |
| **Indiana** | | |
| Passenger vehicles | $12 annually | Excise tax based on new value when vehicle is first offerred for sale - rates range from $12 for a vehicle valued at $1,499 to $532 for a vehicle valued at $42,500 or more. Tax drops with age of vehicle. |
| Trucks | Gross weight fees | |
| **Iowa** | | |
| Passenger vehicles value | 40¢ per cwt | |
| less than 5 model years old | | 1% of manufacturer's list price |
| more than five model years old | | 1% of 75% of manufacturer's list price |
| more than six model years old | | 1% of 50% of manufacturer's list price |
| more than eight model years old | | 1% of 10% of manufacturer's list price |

| | | |
|---|---|---|
| **Kansas** | | |
| Passenger vehicles less than 4,500 lbs | $25 annual fee | Tax on value payable annually to the county. This tax is based on the county rate. Tax is in lieu of property tax. |
| Passenger vehicles more than 4,500 lbs | $35 annual fee | |
| Trucks | Gross weight fee | |
| **Kentucky** | | |
| Passenger vehicles | $11.50 annual fee | Usage fee 6% of the retail price. Retail price is the total consideration given including any trade in allowance. If consideration cannot be established, then 90% of the MSRP will be used. If the vehicle is first registered in the state, the average trade in value is used as referenced in a automotive reference manual. If a vehicle is no longer listed, the vehicle is taxed a flat fee of $100.00. |
| Commercial vehicles | Gross weight | |
| **Louisiana** | | |
| Passenger vehicles | Annual fee: $10 if value is less than $10,000, or $10 plus $ over $1,000 actual value over $10,000 | NADA offical used car guide is used unless the vehicle is too new to listed, then it is 85% of the original invoice. |
| Trucks | Gross weight fee | |
| **Maine** | | |
| Passenger vehicles | $25 annual fee | Excise tax: based on the maker's list price mills per $1 of list price; 1st or current year 24, 2nd year 17.5, 3rd year 13.5, 4th year 10, 5th year 6.5, 6th all others 4. |
| Trucks | Gross weight | If manufactured in model after 1996 and thereafter, the excise tax is on the purchase price in the original year of title. |
| **Maryland** | | |
| Passenger cars up to 3,500 lbs | $50.5 annual fee | Titling tax: an excise tax of 5% of fair market value levied for each certificate of title is issued. For used vehicles less than 7 years old the retail value of a vehicle must be shown in a national publication of used car values. For cars model year of 1993 or 1994 A fuel efficiency surcharge of $100 will be imposed on cars with a fuel economy rating that is less than 21 mpg. For cars model year of 1995 or thereafter with fuel efficiency of less than 27mpg in an amount equal to the product of $50 multiplied by the number of mpg that is less than 27 mpg. |
| Passenger cars over 3,500 lbs | $76.5 annual fee<br>All motor vehicles subject to Emergency Medical Services System surcharge of $11.00 per year | |
| Trucks | Gross weight fee | |

| | | |
|---|---|---|
| **Massachusetts** | | |
| Passenger vehicles | $30 one time fee | Excise tax: $25 per $1,000 of value as follows: year preceding manufacture 50%, in the year of manufacture 90%, in the second year 60%, in the third year 40%, in the forth year 25%, in the fifth and succeeding years 10%. The starting value is the list price established by the manufacturer. |

**Michigan**

| | |
|---|---|
| Passenger vehicles up to 3,000 lbs | $29 annual fee |
| Passenger vehicles 3,000 to 3,500 lbs | $32 annual fee |
| Passenger vehicles 3,500 to 4,000 lbs | $37 annual fee |
| Passenger vehicles 4,000 to 4,500 lbs | $43 annual fee |
| Passenger vehicles 4,500 to 5,000 lbs | $47 annual fee |
| Passenger vehicles 5,000 to 5,500 lbs | $52 annual fee |
| Passenger vehicles 5,500 to 6,000 lbs | $57 annual fee |
| Passenger vehicles 6,000 to 6,500 lbs | $62 annual fee |
| Passenger vehicles 6,500 to 7,000 lbs | $67 annual fee |
| Passenger vehicles 7,000 to 7,500 lbs | $71 annual fee |
| Passenger vehicles 7,500 to 8,000 lbs | $77 annual fee |
| Passenger vehicles 8,000 to 8,500 lbs | $81 annual fee |
| Passenger vehicles 8,500 to 9,000 lbs | $86 annual fee |
| Passenger vehicles 9,000 to 9,500 lbs | $91 annual fee |
| Passenger vehicles 9,500 to 10,000 lbs | $95 annual fee |
| Passenger vehicles over 10,000 lbs | 90¢ per 100 lbs |

all 1984 or later model years first registration

| | |
|---|---|
| up to $6000 value | $30 |
| up to $7000 value | $33 |
| up to $8,000 value | $38 |
| up to $9,000 value | $43 |
| up to $10,000 value | $48 |
| up to $11,000 value | $53 |
| up to $12,000 value | $58 |
| up to $13,000 value | $63 |
| up to $14,000 value | $68 |
| up to $15,000 value | $73 |
| up to $16,000 value | $78 |
| up to $17,000 value | $83 |
| up to $18,000 value | $88 |
| up to $19,000 value | $93 |
| up to $20,000 value | $98 |
| up to $21,000 value | $103 |
| up to $22,000 value | $108 |
| up to $23,000 value | $113 |
| up to $24,000 value | $118 |
| up to $25,000 value | $123 |
| up to $26,000 value | $128 |
| up to $27,000 value | $133 |
| up to $28,000 value | $138 |
| up to $29,000 value | $143 |
| up to $30,000 value | $148 |
| more than $30,000 value | $5 for each $1,000 |

second registration the tax is 90% of the above rates, third registration is 90% of the second registration and for the fourth and subsequent registrations the tax is 90% of the third registration

Values are based on list price.

| | |
|---|---|
| Trucks | Gross weight fees |

| | | | |
|---|---|---|---|
| **Minnesota** | | | |
| Passenger vehicles | $10 annual fee plus | Tax of 1.25% of "*base value". Tax on base value is computed on 100% of base value during the first and second year of vehicle life. Thereafter the tax is computed on the following percentages of base value: 90% for third and fourth years; 75% for fifth and sixth years; 60% for seventh year; 40% for eighth year; 30% for ninth year; 10% for tenth year; an eleventh and succeeding years $25. | **Base value includes manufacture's suggested retail price including destination charge, excluding costs of accessories or optional equipment separately added to the vehicle and the retail price. Passenger vehicles fees also include a 5% surtax imposed until the second calendar year after the principal on highway bridge bonds issued under Art. XVI of the Constitution has been paid.* |
| Trucks | gross weight fees | | |
| **Mississippi** | | | |
| Passenger vehicles | $15 annual fee | ad valorem tax: collected by the county for county and state, collected by municipal tax collectors for municipalities. Vehicles are assessed uniformly according to valuations fixed by the State Tax Commission.<br>Sales and Use tax of 3% of true value must be paid before registration of licensing of any motor vehicle | |
| Commercial vehicles | Gross weight fee | | |

| | | |
|---|---|---|
| **Missouri** | | |
| Passenger vehicles horsepower less than 12 | $18 annual fee | |
| Passenger vehicles horsepower 12 - 23 | $21 annual fee | |
| Passenger vehicles horsepower 24 - 35 | $24 annual fee | |
| Passenger vehicles horsepower 36 - 47 | $33 annual fee | |
| Passenger vehicles horsepower 48 - 59 | $39 annual fee | |
| Passenger vehicles horsepower 60 - 71 | $45 annual fee | |
| Passenger vehicles horsepower 72 and over | $51 annual fee | |
| Commercial vehicles (property carrying) | Gross weight fee | |
| Commercial vehicles (passenger carrying) | Seating capacity | |
| **Montana** | | |
| Passenger vehicles under 2,850 lbs | $5 annual fee | Sales tax: when applying for original license, 1.5% of the f.o.b. factory or port of entry list price during the first quarter of the year. |
| Passenger vehicles over 2,850 lbs | $10 annual fee | |
| Trucks | Weight fee | |
| Additional truck fees | Weight fee on capacity poundage | |
| **Nebraska** | | |
| Passenger vehicles | $15 annual fee | **Motor Vehicle Excise Tax:** Vehicles up to 5 tons. Base tax ranges from $60 for vehicles with a new value of $9,999 to $1,460 for vehicles with new value of$78,000 and more. Motorcycles range from $25 for values of $3,999 to $250 for values of $20,000 and more. **Motor Vehicle Fee:** Vehicles up to 5 tons. With a value when new of $20,000 through $39,000 the base fee is $20, vehicles with a value when new of $40,000 or more the base fee is $30. Motorcycles the base fee is $10. *For the first through fifth years the fee for each vehicle is the base fee. The fee declines to 70% of the base fee for the sixth through 10th years, and declines again to 35% of the base fee for vehicles age 11 years and older. The tax is based on the MSRP.* |

| | | |
|---|---|---|
| Trucks | Gross weight fee | **Motor Vehicle Excise Tax:** Trucks: First year trucks range from $260 to $1,160, depending on the weight of the truck.<br>**Motor Vehicle Fee:** $30 for trucks, buses, and semi trailers and $20 for trailers other than semi trailers.<br>*For the first through fifth years the fee for each vehicle is the base fee. The fee declines to 70% of the base fee for the sixth through 10th years, and declines again to 35% of the base fee for vehicles age 11 years and older.* |
| **Nevada** | | |
| Passenger vehicles | $33 annual fee | Counties may, upon approval by voters, impose a Privilege tax of not more than 1¢ on each $1 of valuation of a vehicles.<br>(six counties have such a tax)<br>State Governmental Services Tax - 4 cents per $1 of value and the value is 35% of the MSRP. Value declines based on table starting at 100% and is at 5% in year 10. |
| Trucks | Gross weight fee | State Government Services Tax - 4 cents per $1 of value and the value is 85% of the MSRP. Value declines based on a table starting at 100% and is at 13% in year 10. |

**New Hampshire**

**Vehicles other than trailers, tractors, farm trucks**

| | |
|---|---|
| vehicles under 3,000 lbs | $25.20 annual fee |
| vehicles 3,000 - 5,000 lbs | $37.20 annual fee |
| vehicles 5,000 - 8,000 lbs | $49.20 annual fee |
| vehicles over 8,000 to 73,280 lbs | 84¢ per 100 lbs |

**Truck-tractor used with semi trailer**

| | |
|---|---|
| up to 73,280 lbs | 84¢ per 100 lbs |
| over 73,280 lbs | $1.44 per 100 lbs |

**Semi trailers or vehicle utility trailers**

| | |
|---|---|
| weight fee ( varies) | $3.00 - $36.00 |
| over 8,000 lbs | 60¢ per 100 lbs |

**New Jersey**

| | |
|---|---|
| Passenger vehicles prior to 1971 model year | |
| less than 2,700 lbs | $14 annual fee |
| 2,700 - 3,800 lbs | $23 annual fee |
| over 3,800 lbs | $44 annual fee |
| Passenger vehicles 1971 - 1979model year | |
| less than 2,700 lbs | $17 annual fee |
| 2,700 - 3,800 lbs | $28 annual fee |
| over 3,800 lbs | $51 annual fee |
| Passenger vehicles 1980 and thereafter | |
| less than 3,500 lbs | $25 annual fee |
| 3,500 lbs and over | $50 annual fee |
| | |
| Trucks | Gross weight fee |

**New Mexico**

| | | |
|---|---|---|
| | | Excise tax imposed upon sale: rate 3% of the price paid for the vehicle. If the amount is not represenative, then will be based on a reasonable value. Trade in value maybe deducted. |
| Passenger vehicles under 2,000 lbs | $27 annual fee - after 5 years $21 annual fee | |
| Passenger vehicles 2,000 - 3,000 lbs | $39 annual fee - after 5 years $31 annual fee | |
| Passenger vehicles over 3,000 lbs | $56 annual fee - after 5 years $45 annual fee | |
| | | |
| Trucks | Gross weight fees | Mileage fee based on number of miles driven on New Mexico highways during the reporting period. Fee varies by weight class from $11.01 mills per mile to $43.78 mills per mile. |

| | | |
|---|---|---|
| **New York** | | |
| Passenger vehicles 3,500 lbs or less | Annual fee - 64.5¢ per 100 pounds | |
| Passenger vehicles more than 3,500 lbs | annual fee - 64.5¢ per 100 pounds up to the 3,500 lbs, 97¢ for each 100 lbs over 3,500 | |
| Electric propelled vehicles | $12.94 annual fee | |
| Trucks | Gross weight fee | Highway use tax: fee varies by weight class from $6.0 mills per mile to 35.0 mills per mile paid monthly. |
| **North Carolina** | | |
| Passenger vehicles | $20 annual fee | Highway use tax: 3% of the retail value of the vehicle when a certificate of title is issued. |
| Trucks | Gross weight fee | |
| **North Dakota** | | |
| Passenger vehicles annual fees as follows: | | |
| less than 3,200 lbs | $70 annual fee | Fee declines after 6th year, 9th year and 13th year for all weight classifications. |
| 3,200 - 4,449 | $90 annual fee | |
| 4,500 - 4,999 | $108 annual fee | |
| 5,000 - 5,999 | $139 annual fee | 5% excise tax imposed on the purchase price of all motor vehicles, trailers or semi trailers required to be licensed in North Dakota. |
| 6,000 - 6,999 | $172 annual fee | |
| 7,000 - 7,999 | $205 annual fee | |
| 8,000 - 8,999 | $238 annual fee | |
| 9,000 and over | $271 annual fee | |
| Trucks | Gross weight fee | |
| **Ohio** | | |
| Passenger vehicles | $20 annual fee | |
| Trucks | Gross weight fee | |
| **Oklahoma** | | |
| Passenger vehicles based on number of years the vehicle has been registered: | | |
| years 1 - 4 | $85 annual fee | Excise tax of 3.25% of the actual sales price before discounts or credits. |
| years 5 - 8 | $75 annual fee | |
| years 9 - 12 | $55 annual fee | |
| years 13 - 16 | $35 annual fee | |
| years 17 and over | $15 annual fee | |
| Trucks | Gross weight fees | |
| **Oregon** | | |
| Passenger vehicles | $54 every two years | |
| Trucks | Combined weight fees | |

| | | |
|---|---|---|
| **Pennsylvania** | | |
| Passenger vehicles | $36 annual fee | |
| Trucks | Gross or combined weight fees | |
| | | |
| **Rhode Island** | | |
| Passenger vehicles | $30 annual fee | Excise tax: collected and administrated by cities and towns, in lieu of property tax. The excise tax will be assessed at the same rate established by the assessors for all other property. |
| Trucks | Gross weight fee | |
| | | |
| **South Carolina** | | |
| Passenger vehicles | $24 biennial fee | Motor vehicle property tax: County auditor determines the assessed value of motor vehicles. |
| Trucks | Gross weight fee | |
| | | |
| **South Dakota** | | |
| Passenger vehicles: | | |
| 2,000 lbs or less | $30 annual fee | Excise tax: 3% excise tax imposed on the purchase price. |
| 2,001 - 4,000 lbs | $42 annual fee | |
| 4,001 - 6,000 lbs | $55 annual fee | |
| over 6,001 lbs | $65 annual fee | |
| | | |
| Trucks | Gross weight fee | |
| | | |
| **Tennessee** | | |
| Passenger vehicles | $18.75 annual fee | |
| Trucks | Gross weight fee | |
| | | |
| **Texas** | | |
| Passenger vehicles: | | Sales and use tax: 6.25% imposed on every retail sale or a motor vehicle. Use tax of 6.25% is imposed on every vehicle purchased outside Texas and brought into the state. |
| Model year more than 6 years from date of registration | $40.50 annual fee | |
| Model year more than 3 years but 6 years or less from date of registration | $50.50 annual fee | |
| Model year 3 years or less from date of registration | $58.5 annual fee | |
| | | |
| Trucks | gross weight fee | |

| | | |
|---|---|---|
| **Utah** | | |
| Passenger vehicles | $11 annual fee | |
| Trucks, trailers, buses | $49.50 annual fee plus $18.50 for each 2.000 lbs over 14,000 lbs gross laden weight. Special exemption of 50% for cement pumpers, trucks that bore wells, or perform crane services. | |
| **Vermont** | | |
| Passenger vehicles | $42 annual or $78 biennial rate | Sales and use tax: 6% of the purchase price less the trade-in value. |
| Trucks | Actual weight loaded fees | |
| **Virginia** | | |
| Passenger vehicles 4,000 lbs or less | $23 annual fee | Sales and use tax: 3% tax based on the sales price of the vehicle |
| Passenger vehicles over 4,000 lbs | $28 annual fee | |
| **Washington** | | |
| Passenger vehicles: | $30 annual fee | State sales and use tax of 6.8% on the purchase price or if the purchase price is lower than $2,000, the Department of Licensing will use NMR market data to establish vehicle value. Trade-in value is subtracted from the price to calculate the sales tax and use tax. Sound Transit has a local MVET at 3/10th of 1%. Seattle Monorail has a local MVET at 1.4%. |
| *annual weight fee effective Jan 1, 2006:* | | |
| up to 4,000 lbs | $10 annual fee | |
| 4,000 - 6,000 lbs | $20 annual fee | |
| 6,000 - 8,000 lbs | $30 annual fee | |
| Trucks | Gross weight fee | |
| **West Virginia** | | |
| Passenger vehicles: | $28.50 annual fee | Motor vehicles registration tax: 5% of the purchase price of each new vehicle, or the market value at the time of purchase for each second-hand or used vehicle. |
| Trucks | Gross weight fee $28 - $737.50 | |
| **Wisconsin** | | |
| Passenger vehicles | $55 annual fee | |
| Trucks | Gross weight fees | |
| **Wyoming** | | |
| Passenger vehicles | $15 annual fee | |
| Trucks | Gross weight/combined weight fee | |

# Appendix E – Acknowledgements

# 2005 Motor Vehicle Excise Tax Work Group

**Senate Committee Services**

**Office of Program Research**

**Joint Transportation Committee**

**King County Department of Transportation**

**Sound Transit**

**Monorail**

**Department of Transportation**

**Department of Licensing**

**Department of Revenue**

**Merrill Lynch**

**Attorney General's Office**

**Office of Financial Management**

**JR and Associates**

**Puget Sound Regional Council**

**Foster, Pepper and Shefelman**