

Repeal preferential PUT rate for urban transportation and vessels

Description This proposal would repeal the preferential PUT rate for urban transportation and vessels by increasing the tax rate from 0.642% to 1.926%.

Current law An “urban transportation business” is defined as a business that operates vehicles for public use to transport persons or property for hire either:

1. Entirely within a city or with five miles of a city; or
2. Between cities which are not more than five miles apart.

They are subject to PUT rate of 0.642%.

Watercraft vessels under 65’, except tugboats, are subject to PUT rate of 0.642%.

The tax rate for most other forms of motor transportation is 1.926%.

Revenue Impact

General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
2,700	\$ -	\$ 7.6	\$ 7.6	\$ 8.4	\$ 8.6	\$ 17.0

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

Expenditure Impact

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 92,200	\$ 9,500	\$ 101,700	\$ 1,900	\$ 1,900	\$ 3,800