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**SECOND SUBSTITUTE SENATE BILL 6140**

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**State of Washington 57th Legislature**

**2002 Regular Session**

**By** Senate Committee on Transportation (originally sponsored by Senators McDonald, Prentice, Horn, Eide, Johnson, Finkbeiner, Patterson, Shin, Benton, Kastama, Costa, McAuliffe, Rossi, Long, Roach, Zarelli and Oke)

READ FIRST TIME 01/24/2002.

1 AN ACT Relating to the creation of regional transportation  
2 investment districts; amending RCW 81.104.140, 47.56.075, 82.14.050,  
3 47.56.075, 81.100.010, 81.100.030, 81.100.060, 82.80.010, 82.80.030,  
4 82.80.070, and 82.80.080; reenacting and amending RCW 47.05.021 and  
5 43.84.092; adding a new section to chapter 81.104 RCW; adding a new  
6 section to chapter 47.05 RCW; adding a new section to chapter 82.14  
7 RCW; adding a new section to chapter 43.135 RCW; adding a new section  
8 to chapter 82.32 RCW; adding new sections to chapter 82.80 RCW; adding  
9 a new section to chapter 47.56 RCW; adding a new chapter to Title 36  
10 RCW; and creating new sections.

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

12 **I. CREATION OF REGIONAL TRANSPORTATION INVESTMENT DISTRICT**

13 NEW SECTION. **Sec. 101.** FINDINGS. The legislature finds that:

14 (1) The capacity of many of Washington state's transportation  
15 facilities have failed to keep up with the state's growth, particularly  
16 in major urban regions;

1 (2) The state cannot by itself fund, in a timely way, many of the  
2 major capacity and other improvements required on highways of statewide  
3 significance in the state's largest urbanized area;

4 (3) Providing a transportation system that provides efficient  
5 mobility for persons and freight requires a shared partnership and  
6 responsibility between the state, local, and regional governments and  
7 the private sector; and

8 (4) Timely construction and development of significant  
9 transportation improvement projects can best be achieved through  
10 enhanced funding options for governments at the county and regional  
11 levels, using already existing tax authority to address roadway and  
12 multimodal needs and new authority for regions to address critical  
13 projects of statewide significance.

14 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this  
15 section apply throughout this chapter unless the context clearly  
16 requires otherwise.

17 (1) "Board" means the governing body of a regional transportation  
18 investment district.

19 (2) "Department" means the Washington state department of  
20 transportation.

21 (3) "Highway of statewide significance" means an existing or  
22 proposed state route or federal interstate as designated a highway of  
23 statewide significance by the transportation commission, its successor  
24 entity, or the legislature.

25 (4) "Lead agency" means a public agency that by law can plan,  
26 design, and build a project and has been so designated by the district.

27 (5) "Regional transportation investment district" or "district"  
28 means a municipal corporation whose boundaries are coextensive with two  
29 or more contiguous counties and that has been created by county  
30 legislative authorities and a vote of the people under this chapter to  
31 implement a regional transportation investment plan.

32 (6) "Regional transportation investment district coordinating  
33 committee" or "coordinating committee" means the advisory committee  
34 created under section 103 of this act to create and propose to county  
35 legislative authorities a regional transportation investment plan to  
36 develop, finance, and construct transportation projects.

1 (7) "Regional transportation investment plan" or "plan" means a  
2 plan to develop, construct, and finance a transportation project or  
3 projects.

4 (8) "Transportation project" is a capital improvement or  
5 improvements to a highway of statewide significance that adds a lane or  
6 new lanes to an existing state or federal highway, including only the  
7 following associated multimodal capital improvements of:

8 (a) Approaches to highways of statewide significance;

9 (b) High-occupancy vehicle lanes;

10 (c) Flyover ramps;

11 (d) Park and ride lots;

12 (e) Bus pullouts;

13 (f) Vans for vanpools;

14 (g) Buses; and

15 (h) Signalization, ramp metering, and other transportation system  
16 management improvements.

17 Operations, preservation, and maintenance are excluded from this  
18 definition.

19 (9) "Weighted vote" means a vote that reflects the population each  
20 board or coordinating committee member represents relative to the  
21 population represented by the total membership of the board or  
22 coordinating committee. Population must be determined using the  
23 federal 2000 census or subsequent federal census data.

24 NEW SECTION. **Sec. 103.** COORDINATING COMMITTEE FORMATION.

25 Regional transportation investment district coordinating committees are  
26 advisory entities that are created, convened, and empowered as follows:

27 (1) A county with a population over one million five hundred  
28 thousand persons and any adjoining counties with a population over five  
29 hundred thousand persons may create a regional transportation  
30 investment district and shall convene a regional transportation  
31 investment district coordinating committee.

32 (2) The members of the legislative authorities participating in  
33 planning under this chapter shall serve as the district coordinating  
34 committee. Members of the coordinating committee receive no  
35 compensation, but may be reimbursed for travel and incidental expenses  
36 as the coordinating committee deems appropriate.

1 The secretary of transportation, or the appropriate regional  
2 administrator of the department, as named by the secretary, shall serve  
3 on the committee as a nonvoting member.

4 (3) A regional transportation investment district coordinating  
5 committee may be entitled to state funding, as appropriated by the  
6 legislature, for start-up funding to pay for salaries, expenses,  
7 overhead, supplies, and similar expenses ordinarily and necessarily  
8 incurred in selecting transportation projects and funding for those  
9 projects under this chapter. Upon creation of a regional  
10 transportation investment district, the district shall within one year  
11 reimburse the state for any sums advanced for these start-up costs from  
12 the state.

13 (4) The coordinating committee shall conduct its affairs and  
14 formulate a regional transportation investment plan as provided under  
15 section 104 of this act, except that it shall elect an executive board  
16 of seven members to discharge the duties of the coordinating committee  
17 and formulate a regional transportation investment plan, subject to the  
18 approval of the full committee.

19 (5) At its first meeting, a regional transportation investment  
20 district coordinating committee may elect officers and provide for the  
21 adoption of rules and other operating procedures.

22 (6) Governance of and decisions by a regional transportation  
23 investment district coordinating committee must be by a sixty-percent  
24 weighted majority vote of the total membership.

25 (7) The coordinating committee may dissolve itself at any time by  
26 a two-thirds weighted majority vote of the total membership of the  
27 coordinating committee.

28 NEW SECTION. **Sec. 104.** COORDINATING COMMITTEE DUTIES. (1) A  
29 regional transportation investment district coordinating committee  
30 shall adopt a regional transportation investment plan providing for the  
31 selection, development, construction, and financing of transportation  
32 projects. The regional transportation investment plan should consider  
33 land use planning. The coordinating committee may coordinate its  
34 activities with the department, which shall provide services, data, and  
35 personnel to assist in this planning as desired by the coordinating  
36 committee. In addition, the coordinating committee shall coordinate  
37 with affected cities, towns, and other local governments that engage in  
38 transportation planning.

1 (2) The coordinating committee shall:

2 (a) Conduct public meetings that are needed to assure active public  
3 participation in the development of the plan;

4 (b) Adopt a plan proposing the creation of a regional  
5 transportation investment district and recommending projects to improve  
6 mobility based on addressing transportation improvement projects; and

7 (c) Recommend sources of revenue authorized by section 105 of this  
8 act and a financing plan to fund selected transportation projects. The  
9 overall plan of the district must leverage the district's financial  
10 contributions so that the federal, state, local, and other revenue  
11 sources continue to fund major congestion relief and transportation  
12 capacity improvement projects in the district. A combination of local,  
13 state, and federal revenues may be necessary to pay for transportation  
14 projects, and the coordinating committee shall consider all of these  
15 revenue sources in developing a plan.

16 (3) Before adopting the plan, the coordinating committee, with  
17 assistance from the department, shall work with the lead agency to  
18 develop accurate cost forecasts for projects. This project costing  
19 methodology must be integrated with revenue forecasts in developing the  
20 plan and must at a minimum include estimated project costs in constant  
21 dollars as well as year of expenditure dollars, the range of project  
22 costs reflected by the level of project design, project contingencies,  
23 identification of mitigation costs, the range of revenue forecasts, and  
24 project and plan cash flow and bond analysis. The plan submitted to  
25 the voters must provide cost estimates for each project, including  
26 reasonable contingency costs. Plans submitted to the voters must  
27 provide that the maximum amount possible of the funds raised will be  
28 used to fund projects in the plan, including environmental improvements  
29 and mitigation, and that administrative costs be minimized. If actual  
30 revenue exceeds actual plan costs, the excess revenues must be used to  
31 retire any outstanding debt associated with the plan.

32 (4) If a county opts not to adopt the plan or participate in the  
33 regional transportation investment district, but two or more contiguous  
34 counties do choose to continue to participate, then the coordinating  
35 committee may, within ninety days, redefine the regional transportation  
36 investment plan and the ballot measure to be submitted to the people to  
37 reflect elimination of a county, and submit the redefined plan to the  
38 legislative authorities of the remaining counties for their decision as  
39 to whether to continue to adopt the redefined plan and participate.

1 This action must be completed within sixty days after receipt of the  
2 redefined plan.

3 (5) Once adopted, the plan must be forwarded to the participating  
4 county legislative authorities to initiate the election process under  
5 section 107 of this act. The coordinating committee shall at the same  
6 time provide notice to each city and town within the district, the  
7 governor, the chairs of the transportation committees of the  
8 legislature, the secretary of transportation, and each legislator whose  
9 legislative district is partially or wholly within the boundaries of  
10 the district.

11 (6) If the ballot measure is not approved, the coordinating  
12 committee may redefine the selected projects, financing plan, and the  
13 ballot measure. The county legislative authorities may approve the new  
14 plan and ballot measure, and may then submit the revised proposition to  
15 the voters at the next election or a special election. If no ballot  
16 measure is approved by the voters by the third vote, the coordinating  
17 committee is dissolved.

18 NEW SECTION. **Sec. 105.** TAXES AND FEES. (1) A regional  
19 transportation investment district coordinating committee may, as part  
20 of a regional transportation investment plan, recommend the imposition  
21 of some or all of the following revenue sources, which a regional  
22 transportation investment district may impose upon approval of the  
23 voters as provided in this chapter:

24 (a) A regional sales and use tax, as specified in section 504 of  
25 this act, of up to 0.5 percent of the selling price, in the case of a  
26 sales tax, or value of the article used, in the case of a use tax, upon  
27 the occurrence of any taxable event in the regional transportation  
28 investment district;

29 (b) A local option vehicle license fee, as specified under section  
30 508 of this act, of up to one hundred dollars per vehicle registered in  
31 the district. As used in this subsection, "vehicle" means motor  
32 vehicle as defined in RCW 46.04.320. Certain classes of vehicles, as  
33 defined under chapter 46.04 RCW, may be exempted from this fee;

34 (c) A parking tax under RCW 82.80.030;

35 (d) A local motor vehicle excise tax under RCW 81.100.060;

36 (e) A local option fuel tax under RCW 82.80.010;

37 (f) An employer excise tax under RCW 81.100.030; and

1 (g) Vehicle tolls, but only on new facilities. Unless otherwise  
2 specified by law, the department shall administer the collection of  
3 vehicle tolls on designated facilities, and the state transportation  
4 commission, or its successor, shall be the tolling authority.

5 (2) Taxes, fees, and tolls may not be imposed without an  
6 affirmative vote of the majority of the voters within the boundaries of  
7 the district voting on a ballot proposition as set forth in section 107  
8 of this act. Revenues from these taxes and fees may be used only to  
9 implement the plan as set forth in this chapter. A district may  
10 contract with the state department of revenue or other appropriate  
11 entities for administration and collection of any of the taxes or fees  
12 authorized in this section.

13 (3) Existing statewide motor vehicle fuel and special fuel taxes,  
14 at the distribution rates in effect on January 1, 2001, are not  
15 intended to be altered by this chapter.

16 (4)(a) The state sales and use taxes imposed and collected under  
17 chapters 82.08 and 82.12 RCW, less any credits allowed under chapter  
18 82.14 RCW, on initial construction for a project to be constructed  
19 under this chapter must be transferred to the project or identified as  
20 a credit on the project to defray costs or pay debt service on that  
21 project. In the case of a toll project, the transfer or credit must be  
22 used to lower the overall cost of the project and thereby the  
23 corresponding tolls.

24 (b) This transaction is exempt from the requirements in RCW  
25 43.135.035(4).

26 (c) Government entities constructing projects under this chapter  
27 shall report to the department of revenue the amount of state sales or  
28 use tax covered under this subsection (4).

29 NEW SECTION. **Sec. 106.** PERFORMANCE CRITERIA FOR REGIONAL PROJECT  
30 SELECTION. (1) The coordinating committee shall consider the following  
31 criteria for selecting projects to improve corridor performance:

- 32 (a) Reduced level of congestion and improved safety;
- 33 (b) Improved travel time;
- 34 (c) Improved air quality;
- 35 (d) Increases in daily and peak period person and vehicle trip  
36 capacity;
- 37 (e) Reductions in person and vehicle delay;
- 38 (f) Improved freight mobility; and

1 (g) Cost-effectiveness of the investment.

2 (2) These criteria represent only minimum standards that must be  
3 considered in selecting transportation improvement projects. The board  
4 shall also consider rules and standards for benchmarks adopted by the  
5 transportation commission or its successor.

6 NEW SECTION. **Sec. 107.** SUBMISSION OF PLAN TO THE VOTERS. Two or  
7 more contiguous county legislative authorities, upon receipt of the  
8 regional transportation investment plan under section 104 of this act,  
9 may certify the plan to the ballot, including identification of the tax  
10 options necessary to fund the plan, unless fifty percent of the number  
11 of cities and towns within the district representing a minimum of fifty  
12 percent of the cities' and towns' population, by action of the cities'  
13 and towns' legislative authorities, disapprove the plan within thirty  
14 calendar days. However, county legislative authorities may draft a  
15 ballot title, give notice as required by law for ballot measures, and  
16 perform other duties as required to put the plan before the voters of  
17 the proposed district for their approval or rejection as a single  
18 ballot measure that both approves formation of the district and  
19 approves the plan. Counties must negotiate interlocal agreements  
20 necessary to implement the plan. The electorate will be the voters  
21 voting within the boundaries of the participating counties. A simple  
22 majority of the total persons voting on the single ballot measure to  
23 approve the plan, establish the district, and impose the taxes and fees  
24 is required for approval.

25 NEW SECTION. **Sec. 108.** CERTIFICATION OF FORMATION. If the voters  
26 approve the plan, including creation of a regional transportation  
27 investment district and imposition of taxes and fees, the district will  
28 be declared formed. The county election officials of participating  
29 counties shall, within fifteen days of the final certification of the  
30 election results, publish a notice in a newspaper or newspapers of  
31 general circulation in the district declaring the district formed, and  
32 mail copies of the notice to the governor, the secretary of  
33 transportation, the executive director of the regional transportation  
34 planning organization, and the county treasurer who is serving as the  
35 district treasurer. A party challenging the procedure or the formation  
36 of a voter-approved district must file the challenge in writing by  
37 serving the prosecuting attorney of the participating counties and the

1 attorney general within thirty days after the final certification of  
2 the election. Failure to challenge within that time forever bars  
3 further challenge of the district's procedure or the valid formation.

4 NEW SECTION. **Sec. 109.** BOARD COMPOSITION. (1) The governing  
5 board of a district consists of the members of the legislative  
6 authority of each member county, acting ex officio and independently.  
7 The secretary of transportation or the appropriate regional  
8 administrator of the department, as named by the secretary, shall also  
9 serve as a nonvoting member of the board.

10 (2) A sixty-percent majority of the weighted votes of the total  
11 board membership is required to submit to the counties a modified plan  
12 under section 114 of this act or any other proposal to be submitted to  
13 the voters. The counties, may, with majority vote of each county  
14 legislative authority, submit a modified plan or proposal to the  
15 voters.

16 NEW SECTION. **Sec. 110.** BOARD ORGANIZATION. The board shall adopt  
17 rules for the conduct of business. The board shall adopt bylaws to  
18 govern district affairs, which may include:

- 19 (1) The time and place of regular meetings;  
20 (2) Rules for calling special meetings;  
21 (3) The method of keeping records of proceedings and official acts;  
22 (4) Procedures for the safekeeping and disbursement of funds; and  
23 (5) Any other provisions the board finds necessary to include.

24 NEW SECTION. **Sec. 111.** BOARD'S POWERS AND DUTIES. (1) The  
25 governing board of the district is responsible for the execution of the  
26 voter-approved plan. The board shall:

- 27 (a) Impose taxes and fees authorized by district voters;  
28 (b) Enter into agreements with state, local, and regional agencies  
29 and departments as necessary to accomplish district purposes and  
30 protect the district's investment in projects;  
31 (c) Accept gifts, grants, or other contributions of funds that will  
32 support the purposes and programs of the district;  
33 (d) Monitor and audit the progress and execution of projects to  
34 protect the investment of the public and annually make public its  
35 findings;

1 (e) Pay for services and enter into leases and contracts, including  
2 professional service contracts;

3 (f) Hire no more than ten employees, including a director or  
4 executive officer, a treasurer or financial officer, a project manager  
5 or engineer, a project permit coordinator, and clerical staff; and

6 (g) Exercise other powers and duties as may be reasonable to carry  
7 out the purposes of the district.

8 (2) It is the intent of the legislature that existing staff  
9 resources of lead agencies be used in implementing this chapter. A  
10 district may coordinate its activities with the department, which shall  
11 provide services, data, and personnel to assist as desired by the  
12 regional transportation investment district. Lead agencies for  
13 projects that are not state facilities shall also provide staff support  
14 for the board.

15 (3) A district may not acquire, hold, or dispose of real property.

16 (4) A district may not own, operate, or maintain an ongoing  
17 facility, road, or transportation system.

18 (5) A district may accept and expend or use gifts, grants, or  
19 donations.

20 (6) It is the intent of the legislature that administrative and  
21 overhead costs of a regional transportation investment district be  
22 minimized. For projects costing up to fifty million dollars,  
23 administrative and overhead costs may not exceed three percent of the  
24 total construction and design project costs per year. For projects  
25 costing more than fifty million dollars, administrative and overhead  
26 costs may not exceed three percent of the first fifty million dollars  
27 in costs, plus an additional one-tenth of one percent of each  
28 additional dollar above fifty million. These limitations apply only to  
29 the district, and do not limit the administration or expenditures of  
30 the department.

31 (7) A district may use the design-build procedure for projects  
32 developed by it. As used in this section "design-build procedure"  
33 means a method of contracting under which the district contracts with  
34 another party for that party to both design and build the structures,  
35 facilities, and other items specified in the contract. The  
36 requirements and limitations of RCW 47.20.780 and 47.20.785 do not  
37 apply to the projects under this chapter.

1        NEW SECTION.    **Sec. 112.**    TREASURER.    The regional transportation  
2 investment district, by resolution, shall designate a person having  
3 experience in financial or fiscal matters as treasurer of the district.  
4 The district may designate the treasurer of a county within which the  
5 district is located to act as its treasurer.    Such a treasurer has all  
6 of the powers, responsibilities, and duties the county treasurer has  
7 related to investing surplus funds.    The district shall require a bond  
8 with a surety company authorized to do business in this state in an  
9 amount and under the terms and conditions the district, by resolution,  
10 from time to time finds will protect the district against loss.    The  
11 district shall pay the premium on the bond.

12        The treasurer shall establish a special account, into which must be  
13 paid all district funds.    The treasurer may disburse district funds  
14 only on warrants issued by the district upon orders or vouchers  
15 approved by the district.

16        If the treasurer of the district is the treasurer of a county, all  
17 district funds must be deposited with a county depository under the  
18 same restrictions, contracts, and security as provided for county  
19 depositories.    If the treasurer of the district is some other person,  
20 all funds must be deposited in a bank or banks authorized to do  
21 business in this state qualified for insured deposits under any federal  
22 deposit insurance act as the district, by resolution, designates.

23        The district may provide and require a reasonable bond of any other  
24 person handling moneys or securities of the district, but the district  
25 shall pay the premium on the bond.

26        NEW SECTION.    **Sec. 113.**    DEBT AND BONDING.    The district may borrow  
27 money, but may not issue any debt of its own for more than two years'  
28 duration.    A district may issue notes or other evidences of  
29 indebtedness with a maturity of not more than two years.    A district  
30 may, when authorized by the plan, enter into agreements with the lead  
31 agencies to pledge taxes or other revenues of the district for the  
32 purpose of paying in part or whole principal and interest on bonds  
33 issued by the lead agency.    The contracts pledging revenues and taxes  
34 are binding for the term of the agreement, but not to exceed twenty-  
35 five years, and no tax pledged by an agreement may be eliminated or  
36 modified if it would impair the pledge of the agreement.

1        NEW SECTION.        **Sec. 114.**        PROJECT OR PLAN MODIFICATION--  
2 ACCOUNTABILITY. (1) If a project cost exceeds its original cost by  
3 more than twenty percent as identified in the plan:

4        (a) The board shall, in coordination with the county legislative  
5 authorities, submit to the voters in the district a ballot measure that  
6 redefines the scope of the project, its schedule, or its costs. If the  
7 voters fail to approve the redefined project, the district shall  
8 terminate work on that project, except that the district may take  
9 reasonable steps to use, preserve, or connect any improvement already  
10 constructed. The remainder of any funds that would otherwise have been  
11 expended on the terminated project must first be used to retire any  
12 outstanding debt attributable to the plan and then may be used to  
13 implement the remainder of the plan.

14        (b) Alternatively, upon adoption of a resolution by two or more  
15 participating counties:

16        (i) The counties shall submit to the voters in the district a  
17 ballot measure that redefines the scope of the plan, its projects, its  
18 schedule, or its costs. If the voters fail to approve the redefined  
19 plan, the district shall terminate work on that plan, except that the  
20 district may take reasonable steps to use, preserve, or connect any  
21 improvement already constructed. The remainder of any funds must be  
22 used to retire any outstanding debt attributable to the plan; or

23        (ii) The counties may elect to have the district continue the  
24 project without submitting an additional ballot proposal to the voters.

25        (2) To assure accountability to the public for the timely  
26 construction of the transportation improvement project or projects  
27 within cost projections, the district shall issue a report, at least  
28 annually, to the public and copies of the report to newspapers of  
29 record in the district. In the report, the district shall indicate the  
30 status of project costs, project expenditures, revenues, and  
31 construction schedules. The report may also include progress towards  
32 meeting the performance criteria provided under this chapter.

33        NEW SECTION.        **Sec. 115.**        STATE DEPARTMENT OF TRANSPORTATION ROLE.

34 (1) The department shall designate an office or division of dedicated  
35 staff and services whose primary responsibility is to coordinate the  
36 design, preliminary engineering, permitting, financing, and  
37 construction of projects under consideration by a regional  
38 transportation investment district coordinating committee or that are

1 part of a regional transportation investment plan being implemented by  
2 a regional transportation investment district.

3 (2) All of the powers granted the department under Title 47 RCW  
4 relating to highway construction may, at the request of a regional  
5 transportation investment district, be used to implement a regional  
6 transportation investment plan and construct transportation projects.

7 NEW SECTION. **Sec. 116.** STATE OWNS IMPROVEMENTS TO STATE  
8 FACILITIES. Any improvement to a state facility constructed under this  
9 chapter becomes and remains the property of this state.

10 NEW SECTION. **Sec. 117.** DISSOLUTION. Within thirty days of the  
11 completion of the construction of the project or series of projects  
12 forming the regional transportation investment plan, the district shall  
13 terminate day-to-day operations and exist solely as a limited entity  
14 that oversees the collection of revenue and the payment of debt service  
15 or financing still in effect, if any. The district shall accordingly  
16 adjust downward its employees, administration, and overhead expenses.  
17 Any taxes, fees, or tolls imposed under an approved plan terminate when  
18 the financing or debt service on the project or series of projects  
19 constructed is completed and paid, thirty days from which point the  
20 district shall dissolve itself and cease to exist. If there is no debt  
21 outstanding, then the district shall dissolve within thirty days from  
22 completion of construction of the project or series of projects forming  
23 the regional transportation investment plan. Notice of dissolution  
24 must be published in newspapers of general circulation within the  
25 district at least three times in a period of thirty days. Creditors  
26 must file claims for payment of claims due within thirty days of the  
27 last published notice or the claim is extinguished.

28 NEW SECTION. **Sec. 118.** OTHER REGIONS. The legislature finds that  
29 regional solutions to the state's transportation needs are of paramount  
30 concern. The legislature further recognizes that different areas of  
31 the state will need the flexibility to fashion local solutions to their  
32 transportation problems, and that regional transportation systems may  
33 evolve over time. Areas of the state outside of King, Snohomish, and  
34 Pierce counties are eligible for grants from the state of no more than  
35 one hundred fifty thousand dollars to study and develop regional  
36 transportation models. Regions electing to participate in this pilot

1 program may form interlocal agreements within their regions and must  
2 develop a model that can be used within their region. Regions  
3 receiving these grants shall report to the transportation committees in  
4 the senate and house of representatives on the positive and negative  
5 aspects of the model as well as costs associated with it no later than  
6 June 30, 2003.

7 **II. JOINT BALLOT WITH RTA**

8 NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of  
9 the coordinating committee, and with the explicit approval of the  
10 regional transit authority, the participating counties may choose to  
11 impose any remaining high capacity transportation taxes under chapter  
12 81.104 RCW that have not otherwise been used by a regional transit  
13 authority and submit to the voters a common ballot measure that creates  
14 the district, approves the regional transportation investment plan,  
15 implements the taxes, and implements any remaining high capacity  
16 transportation taxes within the boundaries of the regional  
17 transportation investment district. Collection and expenditures of any  
18 high capacity transportation taxes implemented under this section must  
19 be determined by agreement between the participating counties or  
20 district and the regional transit authority electing to submit high  
21 capacity transportation taxes to the voters under a common ballot  
22 measure as provided in this section. If the measure fails, all such  
23 unused high capacity transportation taxes revert back to and remain  
24 with the regional transit authority.

25 **Sec. 202.** RCW 81.104.140 and 1992 c 101 s 25 are each amended to  
26 read as follows:

27 (1) Agencies authorized to provide high capacity transportation  
28 service, including transit agencies and regional transit authorities,  
29 and for the purpose of providing high capacity transportation capital  
30 improvements and only with agency approval, regional transportation  
31 investment districts, are hereby granted dedicated funding sources for  
32 such systems. These dedicated funding sources, as set forth in RCW  
33 81.104.150, 81.104.160, and 81.104.170, are authorized only for  
34 agencies located in (a) each county with a population of two hundred  
35 ten thousand or more and (b) each county with a population of from one  
36 hundred twenty-five thousand to less than two hundred ten thousand

1 except for those counties that do not border a county with a population  
2 as described under (a) of this subsection. In any county with a  
3 population of one million or more or in any county having a population  
4 of four hundred thousand or more bordering a county with a population  
5 of one million or more, these funding sources may be imposed only by a  
6 regional transit authority or regional transportation investment  
7 district. Regional transportation investment districts may, with the  
8 approval of the regional transit authority, as part of a regional  
9 transportation investment plan, impose the taxes authorized under this  
10 chapter for the purpose of developing capital facilities for high  
11 capacity transportation systems, but only to the extent that the  
12 maximum amount of taxes authorized under this chapter have not been  
13 imposed.

14 (2) Agencies planning to construct and operate a high capacity  
15 transportation system should also seek other funds, including federal,  
16 state, local, and private sector assistance.

17 (3) Funding sources should satisfy each of the following criteria  
18 to the greatest extent possible:

- 19 (a) Acceptability;
- 20 (b) Ease of administration;
- 21 (c) Equity;
- 22 (d) Implementation feasibility;
- 23 (e) Revenue reliability; and
- 24 (f) Revenue yield.

25 (4) Agencies participating in regional high capacity transportation  
26 system development are authorized to levy and collect the following  
27 voter-approved local option funding sources:

- 28 (a) Employer tax as provided in RCW 81.104.150, other than by  
29 regional transportation investment districts;
- 30 (b) Special motor vehicle excise tax as provided in RCW 81.104.160;  
31 and
- 32 (c) Sales and use tax as provided in RCW 81.104.170.

33 Revenues from these taxes may be used only to support those  
34 purposes prescribed in subsection (10) of this section. Before the  
35 date of an election authorizing an agency to impose any of the taxes  
36 enumerated in this section and authorized in RCW 81.104.150,  
37 81.104.160, and 81.104.170, the agency must comply with the process  
38 prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No

1 construction on exclusive right of way may occur before the  
2 requirements of RCW 81.104.100(3) are met.

3 (5) Authorization in subsection (4) of this section shall not  
4 adversely affect the funding authority of transit agencies not provided  
5 for in this chapter. Local option funds may be used to support  
6 implementation of interlocal agreements with respect to the  
7 establishment of regional high capacity transportation service. Except  
8 when a regional transit authority exists, local jurisdictions shall  
9 retain control over moneys generated within their boundaries, although  
10 funds may be commingled with those generated in other areas for  
11 planning, construction, and operation of high capacity transportation  
12 systems as set forth in the agreements.

13 (6) Agencies planning to construct and operate high capacity  
14 transportation systems may contract with the state for collection and  
15 transference of voter-approved local option revenue.

16 (7) Dedicated high capacity transportation funding sources  
17 authorized in RCW 81.104.150, 81.104.160, and 81.104.170 shall be  
18 subject to voter approval by a simple majority. A single ballot  
19 proposition may seek approval for one or more of the authorized taxing  
20 sources. The ballot title shall reference the document identified in  
21 subsection (8) of this section.

22 (8) Agencies shall provide to the registered voters in the area a  
23 document describing the systems plan and the financing plan set forth  
24 in RCW 81.104.100. It shall also describe the relationship of the  
25 system to regional issues such as development density at station  
26 locations and activity centers, and the interrelationship of the system  
27 to adopted land use and transportation demand management goals within  
28 the region. This document shall be provided to the voters at least  
29 twenty days prior to the date of the election.

30 (9) For any election in which voter approval is sought for a high  
31 capacity transportation system plan and financing plan pursuant to RCW  
32 81.104.040, a local voter's pamphlet shall be produced as provided in  
33 chapter 29.81A RCW.

34 (10) Agencies providing high capacity transportation service shall  
35 retain responsibility for revenue encumbrance, disbursement, and  
36 bonding. Funds may be used for any purpose relating to planning,  
37 construction, and operation of high capacity transportation systems and  
38 commuter rail systems, personal rapid transit, busways, bus sets, and  
39 entrained and linked buses.

1 **III. CITY MVET FOR MONORAIL**

2 NEW SECTION. **Sec. 301.** A new section is added to chapter 81.104  
3 RCW to read as follows:

4 MVET FOR CITY MONORAIL. (1) The legislature finds that there is a  
5 need for large cities, with populations of five hundred thousand or  
6 more, at their option, to develop, construct, and operate intracity  
7 monorail systems within their boundaries to facilitate the movement of  
8 people and mitigate traffic congestion in highly urbanized areas.

9 (2) For the sole purposes of developing, constructing, or operating  
10 an intracity monorail system within its boundaries, a city with a  
11 population of five hundred thousand or more may, with voter approval,  
12 impose a motor vehicle excise tax, at a rate approved by the voters,  
13 but not exceeding one percent of the value of every motor vehicle owned  
14 by a person residing within the city and on the state sales and use  
15 taxes paid under the rate in RCW 82.08.020(2) on retail car rentals  
16 within the city. No tax may be imposed on vehicles licensed under RCW  
17 46.16.070 except vehicles with an unladen weight of six thousand pounds  
18 or less, RCW 46.16.079, 46.16.085, or 46.16.090.

19 Before the effective date of the resolution or ordinance imposing  
20 the tax, cities imposing a tax under this section shall contract the  
21 administration and collection to the state department of licensing and  
22 department of revenue, as appropriate, which shall deduct an amount, as  
23 provided by contract, for administration and collection expenses  
24 incurred by the department. All administrative provisions in chapters  
25 82.03, 82.32, and 82.44 RCW, insofar as they apply to state motor  
26 vehicle excise taxes, also apply to taxes imposed under this section.  
27 All administrative provisions in chapters 82.03, 82.08, 82.12, and  
28 82.32 RCW, insofar as they apply to state sales and use taxes, also  
29 apply to taxes imposed under this section.

30 **IV. HIGHWAYS OF STATEWIDE SIGNIFICANCE**

31 **Sec. 401.** RCW 47.05.021 and 1998 c 245 s 95 and 1998 c 171 s 5 are  
32 each reenacted and amended to read as follows:

33 LEGISLATURE MAY DESIGNATE HIGHWAYS OF STATEWIDE SIGNIFICANCE. (1)  
34 The transportation commission is hereby directed to conduct periodic  
35 analyses of the entire state highway system, report thereon to the  
36 chairs of the transportation committees of the senate and house of

1 representatives, including one copy to the staff of each of the  
2 committees, biennially and based thereon, to subdivide, classify, and  
3 subclassify according to their function and importance all designated  
4 state highways and those added from time to time and periodically  
5 review and revise the classifications into the following three  
6 functional classes:

7 (a) The "principal arterial system" shall consist of a connected  
8 network of rural arterial routes with appropriate extensions into and  
9 through urban areas, including all routes designated as part of the  
10 interstate system, which serve corridor movements having travel  
11 characteristics indicative of substantial statewide and interstate  
12 travel;

13 (b) The "minor arterial system" shall, in conjunction with the  
14 principal arterial system, form a rural network of arterial routes  
15 linking cities and other activity centers which generate long distance  
16 travel, and, with appropriate extensions into and through urban areas,  
17 form an integrated network providing interstate and interregional  
18 service; and

19 (c) The "collector system" shall consist of routes which primarily  
20 serve the more important intercounty, intracounty, and intraurban  
21 travel corridors, collect traffic from the system of local access roads  
22 and convey it to the arterial system, and on which, regardless of  
23 traffic volume, the predominant travel distances are shorter than on  
24 arterial routes.

25 (2) In making the functional classification the transportation  
26 commission shall adopt and give consideration to criteria consistent  
27 with this section and federal regulations relating to the functional  
28 classification of highways, including but not limited to the following:

29 (a) Urban population centers within and without the state  
30 stratified and ranked according to size;

31 (b) Important traffic generating economic activities, including but  
32 not limited to recreation, agriculture, government, business, and  
33 industry;

34 (c) Feasibility of the route, including availability of alternate  
35 routes within and without the state;

36 (d) Directness of travel and distance between points of economic  
37 importance;

38 (e) Length of trips;

39 (f) Character and volume of traffic;

1 (g) Preferential consideration for multiple service which shall  
2 include public transportation;

3 (h) Reasonable spacing depending upon population density; and

4 (i) System continuity.

5 (3) The transportation commission or the legislature shall  
6 designate state highways of statewide significance under RCW  
7 47.06.140(~~(, and)~~). If the commission designates a state highway of  
8 statewide significance, it shall submit a list of such facilities for  
9 adoption by the ((1999)) legislature. This statewide system shall  
10 include at a minimum interstate highways and other statewide principal  
11 arterials that are needed to connect major communities across the state  
12 and support the state's economy.

13 (4) The transportation commission shall designate a freight and  
14 goods transportation system. This statewide system shall include state  
15 highways, county roads, and city streets. The commission, in  
16 cooperation with cities and counties, shall review and make  
17 recommendations to the legislature regarding policies governing weight  
18 restrictions and road closures which affect the transportation of  
19 freight and goods.

20 NEW SECTION. Sec. 402. A new section is added to chapter 47.05  
21 RCW to read as follows:

22 DESIGNATION OF STATE ROUTE NUMBER 509. The legislature designates  
23 that portion of state route number 509 that runs or will run from state  
24 route number 518 in the north to the intersection with interstate 5 in  
25 the south as a state highway of statewide significance.

26

## V. FINANCE

27 NEW SECTION. Sec. 501. REGIONAL TRANSPORTATION INVESTMENT  
28 DISTRICT ACCOUNT. The regional transportation investment district  
29 account is created in the custody of the state treasurer. All money  
30 deposited in the regional transportation investment district account  
31 will be used for design, right of way acquisition, capital acquisition,  
32 and construction, or for the payment of debt service associated with  
33 these activities, for regionally funded projects developed under this  
34 chapter. Only the district may authorize expenditures from the  
35 account. The account is subject to allotment procedures under chapter

1 43.88 RCW. An appropriation is not required for expenditures from this  
2 account.

3 **Sec. 502.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to  
4 read as follows:

5 TOLL ROADS--REGIONAL TRANSPORTATION INVESTMENT DISTRICTS. The  
6 department shall approve for construction only such toll roads as the  
7 legislature specifically authorizes or such toll facilities as are  
8 specifically sponsored by a regional transportation investment  
9 district, city, town, or county.

10 **Sec. 503.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273  
11 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended  
12 to read as follows:

13 DEPOSIT OF SURPLUS BALANCE INVESTMENT EARNINGS--TREASURY INCOME  
14 ACCOUNT--ACCOUNTS AND FUNDS CREDITED. (*EFFECTIVE MARCH 1, 2002.*) (1)  
15 All earnings of investments of surplus balances in the state treasury  
16 shall be deposited to the treasury income account, which account is  
17 hereby established in the state treasury.

18 (2) The treasury income account shall be utilized to pay or receive  
19 funds associated with federal programs as required by the federal cash  
20 management improvement act of 1990. The treasury income account is  
21 subject in all respects to chapter 43.88 RCW, but no appropriation is  
22 required for refunds or allocations of interest earnings required by  
23 the cash management improvement act. Refunds of interest to the  
24 federal treasury required under the cash management improvement act  
25 fall under RCW 43.88.180 and shall not require appropriation. The  
26 office of financial management shall determine the amounts due to or  
27 from the federal government pursuant to the cash management improvement  
28 act. The office of financial management may direct transfers of funds  
29 between accounts as deemed necessary to implement the provisions of the  
30 cash management improvement act, and this subsection. Refunds or  
31 allocations shall occur prior to the distributions of earnings set  
32 forth in subsection (4) of this section.

33 (3) Except for the provisions of RCW 43.84.160, the treasury income  
34 account may be utilized for the payment of purchased banking services  
35 on behalf of treasury funds including, but not limited to, depository,  
36 safekeeping, and disbursement functions for the state treasury and  
37 affected state agencies. The treasury income account is subject in all

1 respects to chapter 43.88 RCW, but no appropriation is required for  
2 payments to financial institutions. Payments shall occur prior to  
3 distribution of earnings set forth in subsection (4) of this section.

4 (4) Monthly, the state treasurer shall distribute the earnings  
5 credited to the treasury income account. The state treasurer shall  
6 credit the general fund with all the earnings credited to the treasury  
7 income account except:

8 (a) The following accounts and funds shall receive their  
9 proportionate share of earnings based upon each account's and fund's  
10 average daily balance for the period: The capitol building  
11 construction account, the Cedar River channel construction and  
12 operation account, the Central Washington University capital projects  
13 account, the charitable, educational, penal and reformatory  
14 institutions account, the common school construction fund, the county  
15 criminal justice assistance account, the county sales and use tax  
16 equalization account, the data processing building construction  
17 account, the deferred compensation administrative account, the deferred  
18 compensation principal account, the department of retirement systems  
19 expense account, the drinking water assistance account, the drinking  
20 water assistance administrative account, the drinking water assistance  
21 repayment account, the Eastern Washington University capital projects  
22 account, the education construction fund, the emergency reserve fund,  
23 the federal forest revolving account, the health services account, the  
24 public health services account, the health system capacity account, the  
25 personal health services account, the state higher education  
26 construction account, the higher education construction account, the  
27 highway infrastructure account, the industrial insurance premium refund  
28 account, the judges' retirement account, the judicial retirement  
29 administrative account, the judicial retirement principal account, the  
30 local leasehold excise tax account, the local real estate excise tax  
31 account, the local sales and use tax account, the medical aid account,  
32 the mobile home park relocation fund, the multimodal transportation  
33 account, the municipal criminal justice assistance account, the  
34 municipal sales and use tax equalization account, the natural resources  
35 deposit account, the oyster reserve land account, the perpetual  
36 surveillance and maintenance account, the public employees' retirement  
37 system plan 1 account, the public employees' retirement system combined  
38 plan 2 and plan 3 account, the public health supplemental account, the  
39 Puyallup tribal settlement account, the regional transportation

1 investment district account, the resource management cost account, the  
2 site closure account, the special wildlife account, the state  
3 employees' insurance account, the state employees' insurance reserve  
4 account, the state investment board expense account, the state  
5 investment board commingled trust fund accounts, the supplemental  
6 pension account, the teachers' retirement system plan 1 account, the  
7 teachers' retirement system combined plan 2 and plan 3 account, the  
8 tobacco prevention and control account, the tobacco settlement account,  
9 the transportation infrastructure account, the tuition recovery trust  
10 fund, the University of Washington bond retirement fund, the University  
11 of Washington building account, the volunteer fire fighters' and  
12 reserve officers' relief and pension principal fund, the volunteer fire  
13 fighters' and reserve officers' administrative fund, the Washington  
14 fruit express account, the Washington judicial retirement system  
15 account, the Washington law enforcement officers' and fire fighters'  
16 system plan 1 retirement account, the Washington law enforcement  
17 officers' and fire fighters' system plan 2 retirement account, the  
18 Washington school employees' retirement system combined plan 2 and 3  
19 account, the Washington state health insurance pool account, the  
20 Washington state patrol retirement account, the Washington State  
21 University building account, the Washington State University bond  
22 retirement fund, the water pollution control revolving fund, and the  
23 Western Washington University capital projects account. Earnings  
24 derived from investing balances of the agricultural permanent fund, the  
25 normal school permanent fund, the permanent common school fund, the  
26 scientific permanent fund, and the state university permanent fund  
27 shall be allocated to their respective beneficiary accounts. All  
28 earnings to be distributed under this subsection (4)(a) shall first be  
29 reduced by the allocation to the state treasurer's service fund  
30 pursuant to RCW 43.08.190.

31 (b) The following accounts and funds shall receive eighty percent  
32 of their proportionate share of earnings based upon each account's or  
33 fund's average daily balance for the period: The aeronautics account,  
34 the aircraft search and rescue account, the county arterial  
35 preservation account, the department of licensing services account, the  
36 essential rail assistance account, the ferry bond retirement fund, the  
37 grade crossing protective fund, the high capacity transportation  
38 account, the highway bond retirement fund, the highway safety account,  
39 the motor vehicle fund, the motorcycle safety education account, the

1 pilotage account, the public transportation systems account, the Puget  
2 Sound capital construction account, the Puget Sound ferry operations  
3 account, the recreational vehicle account, the rural arterial trust  
4 account, the safety and education account, the special category C  
5 account, the state patrol highway account, the transportation equipment  
6 fund, the transportation fund, the transportation improvement account,  
7 the transportation improvement board bond retirement account, and the  
8 urban arterial trust account.

9 (5) In conformance with Article II, section 37 of the state  
10 Constitution, no treasury accounts or funds shall be allocated earnings  
11 without the specific affirmative directive of this section.

12 NEW SECTION. **Sec. 504.** A new section is added to chapter 82.14  
13 RCW to read as follows:

14 SALES AND USE TAX. (1) If approved by the majority of the voters  
15 within its boundaries voting on the ballot proposition, a regional  
16 transportation investment district may impose a sales and use tax of up  
17 to 0.5 percent of the selling price or value of the article used in the  
18 case of a use tax. The tax authorized by this section is in addition  
19 to the tax authorized by RCW 82.14.030 and must be collected from those  
20 persons who are taxable by the state under chapters 82.08 and 82.12 RCW  
21 upon the occurrence of any taxable event within the taxing district.  
22 Motor vehicles, as defined in RCW 46.04.320, are exempt from the sales  
23 and use tax imposed under this subsection.

24 (2) A use tax may be imposed on the privilege of using a motor  
25 vehicle within a regional transportation investment district. The tax  
26 applies to those persons who reside within the regional transportation  
27 investment district. The rate of the tax may not exceed 0.5 percent of  
28 the value of the motor vehicle. The tax authorized by this subsection  
29 is in addition to the tax authorized under RCW 82.14.030 and must be  
30 imposed and collected at the time a taxable event under RCW  
31 82.08.020(1) or 82.12.020 takes place. All revenue received under this  
32 subsection must be deposited in the local sales and use tax account and  
33 distributed to the regional transportation investment district  
34 according to RCW 82.14.050. The following provisions apply to the use  
35 tax in this subsection:

36 (a) Where persons are taxable under chapter 82.08 RCW, the seller  
37 shall collect the use tax from the buyer using the collection  
38 provisions of RCW 82.08.050.

1 (b) Where persons are taxable under chapter 82.12 RCW, the use tax  
2 must be collected using the provisions of RCW 82.12.045.

3 (c) "Motor vehicle" has the meaning given in RCW 46.04.320.

4 (d) "Person" has the meaning given in RCW 82.04.030.

5 (e) The value of a motor vehicle must be determined under RCW  
6 82.12.010.

7 (f) Except as specifically stated in this subsection (2), chapters  
8 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax  
9 imposed under the authority of chapter 82.14 RCW, and chapter 82.14 RCW  
10 applies fully to the use tax.

11 NEW SECTION. **Sec. 505.** A new section is added to chapter 43.135  
12 RCW to read as follows:

13 SALES AND USE TAX CREDIT SHIFT. A transfer or credit from the  
14 general fund of sales and use tax paid on a transportation project  
15 being constructed by a regional transportation investment district does  
16 not require a corresponding lowering of the state expenditure limit to  
17 reflect this shift for purposes of RCW 43.135.035(4).

18 **Sec. 506.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to  
19 read as follows:

20 CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties,  
21 cities, and transportation authorities under RCW 82.14.045 (~~and~~),  
22 public facilities districts under chapters 36.100 and 35.57 RCW, and  
23 regional transportation investment districts shall contract, prior to  
24 the effective date of a resolution or ordinance imposing a sales and  
25 use tax, the administration and collection to the state department of  
26 revenue, which shall deduct a percentage amount, as provided by  
27 contract, not to exceed two percent of the taxes collected for  
28 administration and collection expenses incurred by the department. The  
29 remainder of any portion of any tax authorized by this chapter  
30 (~~which~~) that is collected by the department of revenue shall be  
31 deposited by the state department of revenue in the local sales and use  
32 tax account hereby created in the state treasury. Moneys in the local  
33 sales and use tax account may be spent only for distribution to  
34 counties, cities, transportation authorities, (~~and~~) public facilities  
35 districts, and regional transportation investment districts imposing a  
36 sales and use tax. All administrative provisions in chapters 82.03,  
37 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be

1 amended, shall, insofar as they are applicable to state sales and use  
2 taxes, be applicable to taxes imposed pursuant to this chapter. Except  
3 as provided in RCW 43.08.190, all earnings of investments of balances  
4 in the local sales and use tax account shall be credited to the local  
5 sales and use tax account and distributed to the counties, cities,  
6 transportation authorities, ~~((and))~~ public facilities districts, and  
7 regional transportation investment districts monthly.

8 NEW SECTION. Sec. 507. A new section is added to chapter 82.32  
9 RCW to read as follows:

10 CREDIT ON SALES TAX ON TOLL PROJECTS. (1) The tax imposed and  
11 collected under chapters 82.08 and 82.12 RCW, less any credits allowed  
12 under chapter 82.14 RCW, on initial construction for a project to be  
13 constructed under chapter 36.-- RCW (sections 101 through 117, 201, and  
14 501 of this act), must be transferred to the project or identified as  
15 a credit on the project to defray costs or pay debt service on that  
16 project. In the case of a toll project, this transfer or credit must  
17 be used to lower the overall cost of the project and thereby the  
18 corresponding tolls.

19 (2) This transaction is exempt from the requirements in RCW  
20 43.135.035(4).

21 (3) Government entities constructing projects under chapter 36.--  
22 RCW (sections 101 through 117, 201, and 501 of this act) shall report  
23 to the department the amount of state sales or use tax covered under  
24 this section.

25 NEW SECTION. Sec. 508. A new section is added to chapter 82.80  
26 RCW to read as follows:

27 LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority  
28 of the voters within its boundaries voting on the ballot proposition,  
29 a regional transportation investment district may set and impose an  
30 annual local option vehicle license fee of a uniform amount of up to  
31 one hundred dollars per motor vehicle registered within the boundaries  
32 of the region on every motor vehicle, as defined in RCW 46.04.320.  
33 Vehicles registered under chapter 46.87 RCW and the International  
34 Registration Plan are exempt from the annual local option vehicle  
35 license fee set forth in this section. The department of licensing  
36 shall administer and collect this fee on behalf of regional

1 transportation investment districts and remit this fee to the custody  
2 of the state treasurer for monthly distribution under RCW 82.80.080.

3 (2) The local option vehicle license fee applies only when  
4 establishing or renewing a vehicle registration. This fee is effective  
5 with the registration expiration date as provided by the department of  
6 licensing.

7 (3) A regional transportation investment district imposing the  
8 local option vehicle license fee or initiating an exemption process  
9 shall enter into a contract with the department of licensing. The  
10 contract must contain provisions that fully recover the costs to the  
11 department of licensing for collection and administration of the fee.

12 (4) A regional transportation investment district imposing the  
13 local option fee shall delay the effective date of the local option  
14 vehicle license fee imposed by this section at least six months from  
15 the date of the final certification of the approval election to allow  
16 the department of licensing to implement the administration and  
17 collection of or exemption from the fee.

18 NEW SECTION. **Sec. 509.** A new section is added to chapter 47.56  
19 RCW to read as follows:

20 AUTHORIZATION FOR DISTRICT TO IMPOSE TOLLS. Upon approval of a  
21 majority of the voters within its boundaries voting on the ballot  
22 proposition, and only for the purposes authorized in section 105(1)(g)  
23 of this act, a regional transportation investment district may impose  
24 vehicle tolls on state routes where improvements financed in whole or  
25 in part by a regional transportation investment district add additional  
26 lanes to a highway of statewide significance. The department shall  
27 administer the collection of vehicle tolls on designated facilities  
28 unless otherwise specified in law, and the state transportation  
29 commission, or its successor, shall be the tolling authority.

30 **Sec. 510.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to  
31 read as follows:

32 DEPARTMENT OF TRANSPORTATION AUTHORIZATION FOR DISTRICT TOLL  
33 FACILITIES. The department shall approve for construction only such  
34 toll roads as the legislature specifically authorizes or such toll  
35 facilities as are specifically sponsored by a regional transportation  
36 investment district, city, town, or county.

1       **Sec. 511.** RCW 81.100.010 and 1990 c 43 s 12 are each amended to  
2 read as follows:

3       DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The  
4 need for mobility, growing travel demand, and increasing traffic  
5 congestion in urban areas necessitate accelerated development and  
6 increased utilization of the high\_occupancy vehicle system. RCW  
7 81.100.030 and 81.100.060 provide taxing authority that counties or  
8 regional transportation investment districts can use in the near term  
9 to accelerate development and increase utilization of the  
10 high\_occupancy vehicle system by supplementing available federal,  
11 state, and local funds.

12       **Sec. 512.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to  
13 read as follows:

14       DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE EMPLOYER TAX.  
15 (1) A county with a population of one million or more, or a county with  
16 a population of from two hundred ten thousand to less than one million  
17 that is adjoining a county with a population of one million or more,  
18 and having within its boundaries existing or planned high\_occupancy  
19 vehicle lanes on the state highway system, or a regional transportation  
20 investment district for capital improvements, but only to the extent  
21 that the tax has not already been imposed by the county, may, with  
22 voter approval impose an excise tax of up to two dollars per employee  
23 per month on all employers or any class or classes of employers, public  
24 and private, including the state located in the agency's jurisdiction,  
25 measured by the number of full-time equivalent employees. In no event  
26 may the total taxes imposed under this section exceed two dollars per  
27 employee per month for any single employer. The county or investment  
28 district imposing the tax authorized in this section may provide for  
29 exemptions from the tax to such educational, cultural, health,  
30 charitable, or religious organizations as it deems appropriate.

31       Counties or investment districts may contract with the state  
32 department of revenue or other appropriate entities for administration  
33 and collection of the tax. Such contract shall provide for deduction  
34 of an amount for administration and collection expenses.

35       (2) The tax shall not apply to employment of a person when the  
36 employer has paid for at least half of the cost of a transit pass  
37 issued by a transit agency for that employee, valid for the period for  
38 which the tax would otherwise be owed.

1 (3) A county or investment district shall adopt rules (~~which~~)  
2 that exempt from all or a portion of the tax any employer that has  
3 entered into an agreement with the county or investment district that  
4 is designed to reduce the proportion of employees who drive in single-  
5 occupant vehicles during peak commuting periods in proportion to the  
6 degree that the agreement is designed to meet the goals for the  
7 employer's location adopted under RCW 81.100.040.

8 The agreement shall include a list of specific actions that the  
9 employer will undertake to be entitled to the exemption. Employers  
10 having an exemption from all or part of the tax through this subsection  
11 shall annually certify to the county or investment district that the  
12 employer is fulfilling the terms of the agreement. The exemption  
13 continues as long as the employer is in compliance with the agreement.

14 If the tax authorized in RCW 81.100.060 is also imposed (~~by the~~  
15 ~~county~~)), the total proceeds from both tax sources each year shall not  
16 exceed the maximum amount which could be collected under RCW  
17 81.100.060.

18 **Sec. 513.** RCW 81.100.060 and 1998 c 321 s 34 are each amended to  
19 read as follows:

20 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE  
21 EXCISE TAX. A county with a population of one million or more and a  
22 county with a population of from two hundred ten thousand to less than  
23 one million that is adjoining a county with a population of one million  
24 or more, having within their boundaries existing or planned  
25 high-occupancy vehicle lanes on the state highway system, or a regional  
26 transportation investment district for capital improvements, but only  
27 to the extent that the surcharge has not already been imposed by the  
28 county, may, with voter approval, impose a local surcharge of not more  
29 than 13.64 percent on the state motor vehicle excise tax paid under RCW  
30 82.44.020(1) on vehicles registered to a person residing within the  
31 county and on the state sales and use taxes paid under the rate in RCW  
32 82.08.020(2) on retail car rentals within the county or investment  
33 district. A county may impose the surcharge only to the extent that it  
34 has not been imposed by the district. No surcharge may be imposed on  
35 vehicles licensed under RCW 46.16.070 except vehicles with an unladen  
36 weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or  
37 46.16.090.

1 Counties or investment districts imposing a tax under this section  
2 shall contract, before the effective date of the resolution or  
3 ordinance imposing a surcharge, administration and collection to the  
4 state department of licensing, and department of revenue, as  
5 appropriate, which shall deduct an amount, as provided by contract, for  
6 administration and collection expenses incurred by the department. All  
7 administrative provisions in chapters 82.03, 82.32, and 82.44 RCW  
8 shall, insofar as they are applicable to (~~state~~) motor vehicle excise  
9 taxes, be applicable to surcharges imposed under this section. All  
10 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32  
11 RCW shall, insofar as they are applicable to state sales and use taxes,  
12 be applicable to surcharges imposed under this section.

13 If the tax authorized in RCW 81.100.030 is also imposed (~~by the~~  
14 ~~county~~)), the total proceeds from tax sources imposed under this  
15 section and RCW 81.100.030 each year shall not exceed the maximum  
16 amount which could be collected under this section.

17 **Sec. 514.** RCW 82.80.010 and 1998 c 176 s 86 are each amended to  
18 read as follows:

19 DISTRICT AUTHORITY TO IMPOSE LOCAL OPTION FUEL TAX. (1) Subject to  
20 the conditions of this section, any county or district may levy, by  
21 approval of its legislative body and a majority of the registered  
22 voters of the county or district voting on the proposition at a general  
23 or special election, additional excise taxes equal to ten percent of  
24 the statewide motor vehicle fuel tax rate under RCW 82.36.025 on each  
25 gallon of motor vehicle fuel as defined in RCW 82.36.010 and on each  
26 gallon of special fuel as defined in RCW 82.38.020 sold within the  
27 boundaries of the county. Vehicles paying an annual license fee under  
28 RCW 82.38.075 are exempt from the county or district fuel excise tax.  
29 An election held under this section must be held not more than twelve  
30 months before the date on which the proposed tax is to be levied. The  
31 ballot setting forth the proposition shall state the tax rate that is  
32 proposed. The county's authority to levy additional excise taxes under  
33 this section includes the incorporated and unincorporated areas of the  
34 county. A regional transportation investment district may not levy  
35 this tax in a county within the district's jurisdiction if the county  
36 is already levying the tax, and a county within a district's  
37 jurisdiction may not levy this tax if the district is already levying  
38 the tax. The additional excise taxes are subject to the same

1 exceptions and rights of refund as applicable to other motor vehicle  
2 fuel and special fuel excise taxes levied under chapters 82.36 and  
3 82.38 RCW. The proposed tax shall not be levied less than one month  
4 from the date the election results are certified by the county election  
5 officer. The commencement date for the levy of any tax under this  
6 section shall be the first day of January, April, July, or October.

7 (2) Every person subject to the tax shall pay, in addition to any  
8 other taxes provided by law, an additional excise tax to the director  
9 of licensing at the rate levied by a county or district exercising its  
10 authority under this section.

11 (3) The state treasurer shall distribute monthly to the levying  
12 county and cities contained therein the proceeds of the additional  
13 excise taxes collected under this section, after the deductions for  
14 payments and expenditures as provided in RCW 46.68.090(1) (~~and (2)~~)  
15 and under the conditions and limitations provided in RCW 82.80.080.

16 (4) The state treasurer shall distribute monthly to the levying  
17 district the proceeds of the additional excise taxes collected under  
18 this section, after the deductions for payments and expenditures as  
19 provided in RCW 46.68.090.

20 (5) The proceeds of the additional excise taxes levied under this  
21 section by a county shall be used strictly for transportation purposes  
22 in accordance with RCW 82.80.070. The proceeds of the additional taxes  
23 levied by a district must be used as provided in chapter 36.-- RCW  
24 (sections 101 through 117, 201, and 501 of this act).

25 (~~(5)~~) (6) The department of licensing shall administer and  
26 collect the county and district fuel taxes. The department shall  
27 deduct a percentage amount, as provided by contract, for  
28 administrative, collection, refund, and audit expenses incurred. The  
29 remaining proceeds shall be remitted to the custody of the state  
30 treasurer for monthly distribution under RCW 82.80.080.

31 **Sec. 515.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to  
32 read as follows:

33 DISTRICT AUTHORITY TO IMPOSE PARKING TAX. (1) Subject to the  
34 conditions of this section, the legislative authority of a county  
35 (~~or~~), city, or district may fix and impose a parking tax on all  
36 persons engaged in a commercial parking business within its respective  
37 jurisdiction. The jurisdiction of a county, for purposes of this  
38 section, includes only the unincorporated area of the county. The

1 jurisdiction of a city, or district includes only the area within its  
2 (~~incorporated~~) boundaries.

3 (2) In lieu of the tax in subsection (1) of this section, a city  
4 (~~or~~), a county in its unincorporated area, or a district may fix and  
5 impose a tax for the act or privilege of parking a motor vehicle in a  
6 facility operated by a commercial parking business.

7 The city (~~or~~), county, or district may provide that:

8 (a) The tax is paid by the operator or owner of the motor vehicle;

9 (b) The tax applies to all parking for which a fee is paid, whether  
10 paid or leased, including parking supplied with a lease of  
11 nonresidential space;

12 (c) The tax is collected by the operator of the facility and  
13 remitted to the city (~~or~~), county, or district;

14 (d) The tax is a fee per vehicle or is measured by the parking  
15 charge;

16 (e) The tax rate varies with zoning or location of the facility,  
17 the duration of the parking, the time of entry or exit, the type or use  
18 of the vehicle, or other reasonable factors; and

19 (f) Tax exempt carpools, vehicles with handicapped decals, or  
20 government vehicles are exempt from the tax.

21 (3) "Commercial parking business" as used in this section, means  
22 the ownership, lease, operation, or management of a commercial parking  
23 lot in which fees are charged. "Commercial parking lot" means a  
24 covered or uncovered area with stalls for the purpose of parking motor  
25 vehicles.

26 (4) The rate of the tax under subsection (1) of this section may be  
27 based either upon gross proceeds or the number of vehicle stalls  
28 available for commercial parking use. The rates charged must be  
29 uniform for the same class or type of commercial parking business.

30 (5) The county (~~or~~), city, or district levying the tax provided  
31 for in subsection (1) or (2) of this section may provide for its  
32 payment on a monthly, quarterly, or annual basis. Each local  
33 government may develop by ordinance or resolution rules for  
34 administering the tax, including provisions for reporting by commercial  
35 parking businesses, collection, and enforcement.

36 (6) The proceeds of the commercial parking tax fixed and imposed by  
37 a city or county under subsection (1) or (2) of this section shall be  
38 used strictly for transportation purposes in accordance with RCW  
39 82.80.070. The proceeds of the parking tax imposed by a district must

1 be used as provided in chapter 36.-- RCW (sections 101 through 117,  
2 201, and 501 of this act).

3 **Sec. 516.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to  
4 read as follows:

5 REQUIRES THAT LOCAL OPTION TAXES IMPOSED BY DISTRICT BE USED FOR  
6 DISTRICT PROJECTS. (1) The proceeds collected pursuant to the exercise  
7 of the local option authority of RCW 82.80.010, 82.80.020, 82.80.030,  
8 and 82.80.050 (hereafter called "local option transportation revenues")  
9 shall be used for transportation purposes only, including but not  
10 limited to the following: The operation and preservation of roads,  
11 streets, and other transportation improvements; new construction,  
12 reconstruction, and expansion of city streets, county roads, and state  
13 highways and other transportation improvements; development and  
14 implementation of public transportation and high-capacity transit  
15 improvements and programs; and planning, design, and acquisition of  
16 right of way and sites for such transportation purposes. The proceeds  
17 collected from excise taxes on the sale, distribution, or use of motor  
18 vehicle fuel and special fuel under RCW 82.80.010 shall be used  
19 exclusively for "highway purposes" as that term is construed in Article  
20 II, section 40 of the state Constitution.

21 (2) The local option transportation revenues shall be expended for  
22 transportation uses consistent with the adopted transportation and land  
23 use plans of the jurisdiction expending the funds and consistent with  
24 any applicable and adopted regional transportation plan for  
25 metropolitan planning areas.

26 (3) Each local government with a population greater than eight  
27 thousand that levies or expends local option transportation funds, is  
28 also required to develop and adopt a specific transportation program  
29 that contains the following elements:

30 (a) The program shall identify the geographic boundaries of the  
31 entire area or areas within which local option transportation revenues  
32 will be levied and expended.

33 (b) The program shall be based on an adopted transportation plan  
34 for the geographic areas covered and shall identify the proposed  
35 operation and construction of transportation improvements and services  
36 in the designated plan area intended to be funded in whole or in part  
37 by local option transportation revenues and shall identify the annual  
38 costs applicable to the program.

1 (c) The program shall indicate how the local transportation plan is  
2 coordinated with applicable transportation plans for the region and for  
3 adjacent jurisdictions.

4 (d) The program shall include at least a six-year funding plan,  
5 updated annually, identifying the specific public and private sources  
6 and amounts of revenue necessary to fund the program. The program  
7 shall include a proposed schedule for construction of projects and  
8 expenditure of revenues. The funding plan shall consider the  
9 additional local tax revenue estimated to be generated by new  
10 development within the plan area if all or a portion of the additional  
11 revenue is proposed to be earmarked as future appropriations for  
12 transportation improvements in the program.

13 (4) Local governments with a population greater than eight thousand  
14 exercising the authority for local option transportation funds shall  
15 periodically review and update their transportation program to ensure  
16 that it is consistent with applicable local and regional transportation  
17 and land use plans and within the means of estimated public and private  
18 revenue available.

19 (5) In the case of expenditure for new or expanded transportation  
20 facilities, improvements, and services, priorities in the use of local  
21 option transportation revenues shall be identified in the  
22 transportation program and expenditures shall be made based upon the  
23 following criteria, which are stated in descending order of weight to  
24 be attributed:

25 (a) First, the project serves a multijurisdictional function;

26 (b) Second, it is necessitated by existing or reasonably  
27 foreseeable congestion;

28 (c) Third, it has the greatest person-carrying capacity;

29 (d) Fourth, it is partially funded by other government funds, such  
30 as from the state transportation improvement board, or by private  
31 sector contributions, such as those from the local transportation act,  
32 chapter 39.92 RCW; and

33 (e) Fifth, it meets such other criteria as the local government  
34 determines is appropriate.

35 (6) It is the intent of the legislature that as a condition of  
36 levying, receiving, and expending local option transportation revenues,  
37 no local government agency use the revenues to replace, divert, or loan  
38 any revenues currently being used for transportation purposes to  
39 nontransportation purposes. The association of Washington cities and

1 the Washington state association of counties, in consultation with the  
2 legislative transportation committee, shall study the issue of  
3 nondiversion and make recommendations to the legislative transportation  
4 committee for language implementing the intent of this section by  
5 December 1, 1990.

6 (7) Local governments are encouraged to enter into interlocal  
7 agreements to jointly develop and adopt with other local governments  
8 the transportation programs required by this section for the purpose of  
9 accomplishing regional transportation planning and development.

10 (8) Local governments may use all or a part of the local option  
11 transportation revenues for the amortization of local government  
12 general obligation and revenue bonds issued for transportation purposes  
13 consistent with the requirements of this section.

14 (9) Subsections (1) through (8) of this section do not apply to a  
15 regional transportation investment district imposing a tax or fee under  
16 the local option authority of this chapter. Proceeds collected under  
17 the exercise of local option authority under this chapter by a district  
18 must be used in accordance with chapter 36.-- RCW (sections 101 through  
19 117, 201, and 501 of this act). Proceeds collected under RCW 82.80.010  
20 by a district must be used exclusively for "highway purposes," as that  
21 term is construed under Article II, section 40 of the Washington state  
22 Constitution.

23 **Sec. 517.** RCW 82.80.080 and 1998 c 281 s 2 are each amended to  
24 read as follows:

25 LOCAL OPTION TAX REVENUE DISTRIBUTION. (1) The state treasurer  
26 shall distribute revenues, less authorized deductions, generated by the  
27 local option taxes authorized in RCW 82.80.010 and 82.80.020, levied by  
28 counties to the levying counties, and cities contained in those  
29 counties, based on the relative per capita population. County  
30 population for purposes of this section is equal to one and one-half of  
31 the unincorporated population of the county. In calculating the  
32 distributions, the state treasurer shall use the population estimates  
33 prepared by the state office of financial management and shall further  
34 calculate the distribution based on information supplied by the  
35 departments of licensing and revenue, as appropriate.

36 (2) The state treasurer shall distribute revenues, less authorized  
37 deductions, generated by the local option taxes authorized in RCW

1 82.80.010 and 82.80.020 levied by qualifying cities and towns to the  
2 levying cities and towns.

3 (3) The state treasurer shall distribute to the district revenues,  
4 less authorized deductions, generated by the local option taxes under  
5 RCW 82.80.010 or fees under section 508 of this act levied by a  
6 district.

7 NEW SECTION. Sec. 518. A new section is added to chapter 82.80  
8 RCW to read as follows:

9 DISTRICT DEFINED FOR LOCAL TAXES. For the purposes of this  
10 chapter, "district" means a regional transportation investment district  
11 created under chapter 36.-- RCW (sections 101 through 117, 201, and 501  
12 of this act).

13 **VI. OTHER PROVISIONS**

14 NEW SECTION. Sec. 601. CAPTIONS AND SUBHEADINGS. Captions and  
15 subheadings used in this act are not part of the law.

16 NEW SECTION. Sec. 602. TERMINATION OF DISTRICTS. Regional  
17 transportation investment districts and their powers and duties are  
18 terminated on June 30, 2006. However, nothing in this section may be  
19 construed as impairing a district created before June 30, 2006, from  
20 continuing to collect approved revenues and make payment on projects or  
21 debt incurred.

22 NEW SECTION. Sec. 603. CODIFICATION. Sections 101 through 117,  
23 201, and 501 of this act constitute a new chapter in Title 36 RCW.

24 NEW SECTION. Sec. 604. SEVERABILITY. If any provision of this  
25 act or its application to any person or circumstance is held invalid,  
26 the remainder of the act or the application of the provision to other  
27 persons or circumstances is not affected.

28 NEW SECTION. Sec. 605. NULL AND VOID. This act is null and void  
29 if a transportation revenue act containing new or additional revenue  
30 does not become law by December 31, 2002.

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