

HOUSE BILL REPORT

SHB 2179

As Amended by the Senate

Title: An act relating to authorizing cities to provide and contract for supplemental transportation improvements.

Brief Description: Authorizing cities located in counties having a population of more than one million five hundred thousand to provide and contract for supplemental transportation improvements.

Sponsors: House Committee on Transportation (originally sponsored by Representative Eddy).

Brief History:

Committee Activity:

Transportation: 2/24/09, 2/27/09 [DPS].

Floor Activity:

Passed House: 1/29/10, 92-4.

Senate Amended.

Passed Senate: 3/5/10, 43-5.

Brief Summary of Substitute Bill

- Authorizes cities to provide or contract for supplemental transit service, in addition to any existing or planned public transportation service provided by public transportation agencies and systems serving the city.
- Requires certain public transportation systems to coordinate their transit service with any supplemental transit service provided or contracted for by a city.
- Permits cities that are members of a transportation benefit district (TBD) to petition the TBD to adopt and incorporate supplemental transit service into existing public transportation services provided by the TBD.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Clibborn, Chair; Liias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell,

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Eddy, Finn, Herrera, Johnson, Klippert, Moeller, Morris, Rolfes, Sells, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 4 members: Representatives Cox, Ericksen, Flannigan and Simpson.

Staff: Kathryn Leathers (786-7114).

Background:

Cities, Generally.

Cities are granted express authority to provide a wide variety of services and facilities, as well as the general authority to provide public services and facilities. Cities may also provide a wide variety of transportation services, including public transit services. A city has broad authority to provide these services or facilities itself, or it may contract for the provision of these services and facilities.

Transportation Benefit Districts.

A transportation benefit district (TBD or district) is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district.

A "transportation improvement" means any project contained in the transportation plan of the state or regional transportation planning organization, and may include investments in city streets, county roads, new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance, as well as the operation, preservation, and maintenance of these facilities or programs. The proposed improvement must also be consistent with any state, regional, and local transportation plan, and must be necessitated by existing or reasonably foreseeable congestion.

When establishing the district's area, the county or city proposing to create the TBD may only include other jurisdictions through interlocal agreements. The TBD may include areas within more than one county, city, port district, county transportation authority, or public transportation benefit area. A TBD may be comprised of less than the entire area within each participating jurisdiction.

A TBD is governed by the legislative authority of the jurisdiction proposing to create it, or by a governance structure prescribed in an interlocal agreement among multiple jurisdictions. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions. Port districts and transit districts may participate in the establishment of a TBD but may not initiate district formation.

Any transportation improvement provided by a TBD is owned by the jurisdiction where the improvement is located or by the state if the improvement is a state highway. A TBD dissolves and ceases to exist 30 days after the financing or debt service on the improvement

project is completed and paid. If there is no debt service on the project, the district must dissolve within 30 days from the date construction of the improvement is completed.

Transportation benefit districts have independent taxing authority to implement the following revenue measures, all of which are subject to voter approval:

- a local sales and use tax of up to 0.2 percent;
- a local annual vehicle fee of up to \$100 on vehicle license renewals, \$20 of which may be imposed without voter approval;
- excess property taxes, for a period of up to one year; and
- tolls, subject to legislative authorization and approval by the Transportation Commission if imposed on state routes.

Transportation benefits districts may impose the following revenue measures without voter approval:

- transportation impact fees on commercial and industrial development; and
- except for passenger-only ferry improvements, up to \$20 in local annual vehicle license renewals.

Unless approved by the voters, a sales tax may not be imposed for a period exceeding 10 years. In no event may a sales tax be imposed for more than 20 years. A TBD may issue general obligation and revenue bonds. In addition, a TBD may form local improvement districts (LID) to provide transportation improvements, and may impose special assessments on all property specially benefitted by the improvements. The district may form a LID only if a petition process is used, which requires that property owners representing a majority of the area within the proposed LID initiate a petition process.

Summary of Substitute Bill:

Certain cities are specifically authorized to provide or contract for supplemental transportation improvements to meet the mobility needs of the city, and may contract for such improvements with private and nonprofit entities and may also form public-private partnerships. The authorized cities are those located in counties having a population of more than 1.5 million.

A "supplemental transportation improvement" (supplemental transit service) is defined as any project, work, or undertaking to provide public transit service in addition to any existing or planned public transportation service provided by public transportation agencies and systems serving the city. For cities that plan under the Growth Management Act (GMA), the proposed supplemental improvements must be consistent with the city's comprehensive plan adopted under the GMA.

Prior to taking any action to provide or contract for supplemental transit service, the legislative authority of the city must conduct a public hearing. Following the hearing, if the legislative authority of the city finds that the proposed supplemental transit service is in the public interest, it may adopt an ordinance providing for the supplemental service. The legislative authority of the city may then either provide the supplemental transit service itself or it may contract with other entities to provide the service. In both instances, certain public transportation systems serving the city or border jurisdictions must coordinate their services

with the supplemental services provided or contracted for by the legislative authority of the city. The public transportation systems that must coordinate their services with the supplemental services include metropolitan municipal corporations, public transportation benefit areas, and regional transit authorities.

The legislative authority of certain cities that are members of a TBD may petition the TBD to adopt and incorporate supplemental transit service with the TBD's planned or authorized transit service. The cities that are authorized to petition a TBD are those that are located in counties having a population of more than 1.5 million. Two petition processes are established: (1) one process is created for proposed supplemental services funded entirely by the petitioning city, including ongoing operating and maintenance costs; and (2) a separate process is created for proposed supplemental services for which the petitioning city seeks full or partial funding from the TBD.

If the city proposes to fully fund the supplemental transit service, the TBD must hold a public hearing and, if the petition is approved by a majority of the members of the TBD, the TBD must adopt an ordinance incorporating the supplemental transit service. If the city's petition also seeks partial or full funding for those improvements from the TBD, the TBD must first hold a public hearing and then submit a proposition to the voters for approval. The proposition to the voters must specify the supplemental services to be provided and must estimate the capital, maintenance, and operating costs to be funded by the TBD. If a majority of the voters within the boundaries of the TBD approve the supplemental transit service, the TBD must adopt an ordinance incorporating the supplemental service into any existing services.

Under both petition processes, if the TBD adopts an ordinance providing for the requested supplemental transit service, the TBD must:

- enter into agreements with transportation service providers to coordinate existing services with the supplemental transit service; and
- unless otherwise agreed to by the petitioning city or a majority of the TBD members, maintain existing transit service levels in locations where supplemental improvements are provided.

EFFECT OF SENATE AMENDMENT(S):

Makes technical changes to further clarify that certain cities are authorized to provide or contract for supplemental transportation improvements.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill allows cities in urban areas to consider innovative ways to expand transit services and to serve those populations that are not being served at this time. Microsoft has taken innovative steps to provide transit services to its employees, and cities should have the flexibility to address transit demand. This bill would provide flexibility and enable cities to provide local projects that augment regional services.

An example of a city that needs a tool like this is the City of Bellevue (Bellevue), which is experiencing a growing gap between transit service demand and service. Bellevue has experienced a 75 percent increase in ridership since 2004, yet many routes receive service from King County Metro only once every 30 minutes. In addition, King County Metro is considering potential cuts in service, and Bellevue expects transit demand to continue to grow. Bellevue has explored options with King County Metro to provide additional service, but due to a variety of reasons this effort has been unsuccessful. A new layer of bureaucracy will not be created because it is the city that is providing or contracting for the service.

When Sound Transit East Link comes to the east side, there will be a need for local connections to the regional light rail system. This bill would provide a tool that would allow cities to address these gaps.

(Opposed) None.

Persons Testifying: Representative Eddy, prime sponsor; and Conrad Lee, City of Bellevue.

Persons Signed In To Testify But Not Testifying: None.