

HOUSE BILL REPORT

HB 2606

As Passed House
February 11, 1994

Title: An act relating to motor vehicle excise tax.

Brief Description: Modifying apportionment of motor vehicle excise taxes.

Sponsors: Representative R. Fisher.

Brief History:

Reported by House Committee on:
Transportation, February 3, 1994, DP;
Passed House, February 11, 1994, 96-0.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 25 members:
Representatives R. Fisher, Chair; Brown, Vice Chair; Jones, Vice Chair; Schmidt, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Backlund; Brough; Cothorn; Eide; Finkbeiner; Forner; Fuhrman; Hansen; Heavey; Horn; Johanson; J. Kohl; Orr; Patterson; Quall; Romero; Sheldon; Shin; Wood and Zellinsky.

Staff: Roger Horn (786-7839).

Background: Transit agencies are authorized to impose local taxes to fund public transportation. Transit agencies are also eligible to impose a motor vehicle excise tax (MVET), which is credited against the state MVET. The amount received is equal to one of the following, whichever is less: (1) 0.725 percent of vehicle value collected as MVET within the boundaries of the transit district; or (2) the amount of local revenue, generally sales tax, collected specifically for the transit agency.

The Central Puget Sound public transportation account (CPSPTA) and the public transportation systems account (PTSA) were created by the Transportation Funding Act of 1990. These accounts were funded, effective January 1, 1993, by a reduction in the MVET that transit agencies may impose, from 0.815 percent to 0.725 percent. The difference between what an agency could match at 0.815 percent MVET and what can be matched at 0.725 percent MVET is placed in one of two transit accounts: the CPSPTA for transit districts

in King, Pierce, Snohomish and Kitsap counties, and the PTSA for districts in any other county.

Based on the November 1993 revenue forecast, \$13.8 million will be deposited in the CPSPTA and \$4.5 million will be deposited in the PTSA this biennium. For the 1995-97 biennium, estimates are \$16.1 million for the CPSPTA and \$5.3 million for the PTSA.

Revenues to the two accounts are unstable due to the manner in which they are derived. Revenue to the CPSPTA decreased by over \$2 million for this biennium when Pierce Transit expanded its district boundaries.

In the 1993-95 biennium, nine systems contributed to the PTSA and were therefore eligible for funds from that account, regardless of the level of contribution. All public agencies in the four-county region are eligible for funds in the CPSPTA.

Monies in the two accounts are distributed by the Multimodal Transportation Programs and Projects Selection Committee through a grant application process involving public transit system applicants. Account revenues may be used for high occupancy vehicle lanes, high capacity transportation planning and systems, and match for federal and Transportation Improvement Board projects.

The high capacity transportation account is funded by MVET revenues equal to 4.5 percent of the MVET levied by transit agencies in King, Pierce, Snohomish, Thurston, Clark, Kitsap, Yakima and Spokane counties.

Summary of Bill: Effective July 1, 1995, the formula for deriving funds to the CPSPTA and the PTSA is replaced. Funds to the CPSPTA are to be equal to 6.65 percent of MVET levied by transit agencies in King, Kitsap, Pierce and Snohomish counties. Funds to the PTSA are to be equal to 4.75 percent of MVET levied by all transit agencies outside the four-county region.

Eligibility for PTSA funds is expanded to all transit agencies imposing the motor vehicle excise tax and located outside King, Pierce and Snohomish counties.

Fiscal Note: Requested February 1, 1994.

Effective Date: The bill takes effect July 1, 1995.

Testimony For: Making transit account revenues more stable and predictable will assist transit agencies in planning

projects and the Multimodal Project Selection Committee in distributing grants.

Testimony Against: None.

Witnesses: Jim Slakey, Department of Transportation.