

SENATE BILL REPORT

SB 6440

AS OF JANUARY 31, 1994

Brief Description: Authorizing sales tax equalization for transit systems.

SPONSORS: Senators Vognild, Snyder, Haugen and Sheldon

SENATE COMMITTEE ON TRANSPORTATION

Staff: Roger Horn (786-7839)

Hearing Dates: January 31, 1994

BACKGROUND:

Transit agencies are authorized to impose, with voter approval, a sales tax of up to 0.6 percent within their district. Of the 24 transit agencies in the state, 22 collect sales tax of from 0.1 percent to 0.6 percent.

Transit agencies also are eligible to receive revenue out of motor vehicle excise tax (MVET) revenues. The amount received is equal to one of the following, whichever is less: (1) .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 difference between what an agency could match at .815 percent MVET and what can be matched at .725 percent MVET is placed in one of two transit accounts: the Central Puget Sound Transportation Account (CPSPTA) for transit districts in King, Pierce, Snohomish, and Kitsap counties, and the Public Transportation Systems Account (PTSA) for districts in any other county.

An amount equivalent to 4.5 percent of the .725 percent MVET available to transit agencies in King, Pierce, Snohomish, Thurston, Clark, Kitsap, Yakima, and Spokane counties is placed in the High Capacity Transportation Account (HCTA).

The difference between .815 percent MVET and the amount of MVET collectively going to the transit agency, the CPSPTA, the PTSA, and the HCTA is referred to as the transit residual. The transit residual is deposited in the general fund. Effective July 1, 1995, the transit residual will be deposited in the transportation fund.

Cities and counties receive sales and use tax equalization payments out of MVET revenues.

SUMMARY:

Effective with distributions to transit districts on January 1, 1996, sales and use tax equalization payments are made to transit agencies that collected less than 80 percent of the state per capita average in transit sales tax during the preceding calendar year. Sales and use tax equalization is paid from MVET revenues and deducted from the transit residual. The amount of sales and use tax equalization paid to a transit agency is not restricted by the .725 percent MVET limit. For newly established transit agencies, the sales and use tax equalization payment is prorated by the number of months the agency has collected sales tax.

Appropriation: none

Revenue: none

Fiscal Note: requested