HOUSE BILL REPORT
HB 1694

As Reported By House Committee On:
Transportation

Title: An act relating to motor vehicle excise tax distributions to transportation accounts.

Brief Description: Distributing motor vehicle excise taxes.

Sponsors: Representatives R. Fisher, K. Schmidt, Romero, Patterson, Quall and Costa.

Brief History:
  Committee Activity:
      Transportation: 2/13/95, 2/21/95 [DPS].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; Skinner, Vice Chairman; R. Fisher, Ranking Minority Member; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chandler; Chopp; Elliot; Hankins; Horn; Johnson; Koster; McMahan; Ogden; Patterson; Quall; Robertson; Romero; D. Schmidt; Scott and Tokuda.

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 of MVET 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.

Only transit agencies that contribute to the PTSA are eligible for funding from that account. All public agencies in the Central Puget Sound region are eligible for funds in the CPSPTA.

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 the 1993-95 biennium when Pierce Transit expanded its boundaries. Revenue to the PTSA is projected to decrease from $4.7 million for 1993-95 biennium to $1.6 million in the 1999-2001 biennium.

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

Summary of Substitute Bill: Effective July 1, 1995, the formula for deriving funds to the Central Puget Sound public transportation account (CPSPTA) and the public transportation systems account (PTSA) is replaced. Funds to the CPSPTA are to be equal to 6.5 percent of motor vehicle excise tax (MVET) levied by transit agencies in King, Kitsap, Pierce and Snohomish counties. Funds to the PTSA are to be equal to 2.0 percent of MVET levied by all transit agencies outside the four-county Central Puget Sound region.

Eligibility for PTSA funds is expanded to all transit agencies imposing the MVET and located outside King, Pierce, Snohomish and Kitsap counties.

The bill is null and void if not funded in the transportation budget.

Substitute Bill Compared to Original Bill: A null and void clause is provided.

Appropriation: None.

Fiscal Note: Requested on February 8, 1995.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1995. However, the bill is null and void unless funded in the transportation budget.

Testimony For: None.

Testimony Against: None.

Testified: None.