

# FINAL BILL REPORT

## SHB 1871

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Synopsis as Enacted

**Brief Description:** Providing equalization for transit systems imposing an utility tax.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Sheahan and Schoesler).

### House Committee on Transportation Senate Committee on Transportation

**Background:** Transit agencies are authorized to impose, with voter approval, a sales and use tax of up to 0.6 percent, a business and occupation (B&O) tax with a rate set by the agency, or a household tax of up to \$1 per month per housing unit. Of the 24 transit agencies in the state, 22 collect sales and use tax of from 0.1 percent to 0.6 percent. Of the other agencies, Pullman Transit collects a 2.0 percent B&O tax on utility businesses and Prosser Rural Transit collects a \$1-per-month household tax and a 6.0 percent B&O tax on gross business receipts. Only \$49,000 of Prosser's receipts from these taxes are allocated to transit with the remainder allocated to the city's general fund.

Substitute House Bill 2760, passed in 1994, authorized sales and use tax equalization payments to transit agencies whose average per capita transit sales and use tax collections in the preceding calendar year were less than 80 percent of the statewide per capita average sales and use tax collections for that period. Transit equalization payments will begin in calendar year 1996 and are available only to agencies collecting the transit sales and use tax. Equalization payments may not exceed 50 percent of a transit agency's sales and use tax collections for the previous year.

Transit sales and use tax equalization is paid from motor vehicle excise tax receipts that would otherwise be available for appropriation from the transportation fund.

**Summary:** Transit agencies imposing the household tax for transit or the business and occupation tax for transit are eligible for transit sales and use tax equalization payments. The equalization payments are based on a local transit tax rate. This rate is equivalent to the sales and use tax rate that would have generated the same amount of revenue in the previous year as the local transit taxes in place during that period.

**Votes on Final Passage:**

House	96	0	
Senate	44	4	(Senate amended)
House	95	0	(House concurred)

**Effective:** July 23, 1995