

# HOUSE BILL REPORT

## ESHB 1872

---

---

**As Passed House**

March 19, 1997

**Title:** An act relating to improving public transportation performance.

**Brief Description:** Improving public transportation performance.

**Sponsors:** By House Committee on Transportation Policy & Budget (originally sponsored by Representatives K. Schmidt, Scott, Mitchell and Hankins).

**Brief History:**

**Committee Activity:**

Transportation Policy & Budget: 2/17/97, 3/10/97 [DPS].

**Floor Activity:**

Passed House: 3/19/97, 55-43.

---

### HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Backlund; Buck; Cairnes; DeBolt; Johnson; Radcliff; Robertson; Scott; Skinner; Sterk and Zellinsky.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Fisher, Ranking Minority Member; Blalock, Assistant Ranking Minority Member; Cooper, Assistant Ranking Minority Member; Gardner; Murray; Romero and Wood.

**Staff:** Gene Baxstrom (786-7303).

**Background:** Public transportation services are provided principally by special purpose local governments, except for four city-operated systems. The 25 transit systems are governed by local officials, with minimal state control. State activities include technical assistance, reporting requirements, statewide planning, grant administration and state financial assistance as described below.

Funding for systems is provided by a voter-approved sales and use tax or the household or utility tax. Also, for most other systems, funding support is provided through a locally imposed motor vehicle excise tax (MVET) of up to 0.725 percent, which must be matched by locally generated tax revenues. The state forgives an equal amount of MVET so the effective rate of taxation remains the same within or

outside of a transit district, with general fund revenues reduced by the amount of funding going to transit districts.

In 1996 the Legislative Transportation Committee (LTC) was directed to conduct a public transportation assessment of eight tasks to address the state's interest in and evaluation of transit, transit financial planning, several transit-related accounts, transit effectiveness and efficiency, interjurisdictional interests, special needs transportation and governance. Study oversight was provided by a Transit Working Group, which consisted of four House and four Senate members. The group forwarded a series of study recommendations to the LTC, and they are contained in the December 1996 Public Transportation Assessment report. Many of these changes focused on expanded oversight of transit agencies' activities. Statutory changes necessary to implement those recommendations are set forth in this legislation.

**Summary of Bill:** The MVET is acknowledged to be a state funding source provided to transit agencies; however, the excise tax remains a locally imposed tax.

For a six-year period the state auditor is directed to conduct tri-annual performance audits of transit agencies imposing the MVET, priority is given to audits of agencies in King, Pierce, and Snohomish counties to address costs per vehicle hour. These audits are to be paid for by local agencies.

The MVET distribution to the Central Puget Sound public transportation account (CPSPTA) and the public transportation systems account (PTSA) are simplified by taking a fixed percentage from the 0.815 percent locally imposed MVET instead of calculating the difference between sales tax generated and the 0.815 percent and 0.725 percent that is distributed directly to the transit agency. The fixed percentages are 0.0427 percent for the CPSPTA and 0.0123 percent for the PTSA, and equal actual 1995 MVET distributions.

The eligibility for the CPSPTA and PTSA is revised to allow all public agencies within the applicable transit agency's boundaries to apply for the funds. A 30 percent minimum match requirement is established, and priority is given to those projects that promote cross-jurisdictional services and coordination of service among providers. The PTSA may also be used for funding transit performance audits for transit systems.

Commute trip reduction is made an eligible activity for high capacity transportation account (HCTA) funding. Funding for local high capacity transportation activities is allowed until June 30, 2003.

Six-year transit development plans are required to identify local strategies, goals and performance objectives, and measures and standards of how the goals are being met.

The revenue forecasts used by the transit agencies must reflect the state revenue projections or a justification of why the state forecasts were not used.

Distribution of the annual transit report developed by the Department of Transportation (DOT) is expanded from transit systems and LTC members to also include notification of availability for all legislators, each transit legislative authority member, and city mayors and legislative authority members of counties located within transit districts. The report is to be made available on the internet. Information requirements of the reports are modified to reflect federal reporting requirements and other information, and the due date is delayed by one month to October 1.

Beginning January 1, 2000, transit agency reserves are capped at 200 percent of the previous year's operating expenditures. Following certification by the state auditor, any transit agency exceeding this limit will have an amount equal to the amount of reserves over the 200 percent cap withheld from the agency's annual MVET distribution and deposited into the CPSPTA and the PTSA. By January 1, 1998, transit agencies shall have an adopted policy for the investment of cash reserves in order to be eligible for distributions of the MVET.

Public agencies are required to provide notice to the DOT of intent to purchase transit-type vehicles and to allow other agencies to participate in the procurement process.

It is made mandatory, rather than discretionary, for the legislative authority of a public transportation benefit area to call for an election to annex territory upon receipt of a petition or resolution calling for such annexation. The election must be held by the next general election.

Transit agencies are allowed to charge fares for specialized para-transit services up to twice the normal fixed route fare in accordance with the Americans with Disabilities Act.

A transit performance program, known as CPI-X, which was recommended by the study consultants, is enacted. This program would require transit agencies in King, Pierce, Snohomish, and Kitsap counties to reduce operating costs per vehicle hour by approximately 1 percent per year, excluding inflation, for 20 years in order to generate additional service hours. The state auditor is directed to set cost reduction goals for agencies. Failure to meet these objectives results in the withholding of motor vehicle excise tax distributions, which instead are deposited into a newly created Puget Sound transit expansion account. This account is administered by the Transportation Improvement Board and is available to public agencies providing public transportation services. The effective date for CPI-X is January 1, 1999.

Reference is made to improved coordination between public transit agencies and other agencies providing transportation services for their clients.

Regional transportation planning agencies planning for King county are expanded to require certification of six-year transit plans for agencies within their jurisdiction in order for those transit agencies to receive funds from transit accounts administered by the Transportation Improvement Board.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1997.

**Testimony For:** This act provides for greater accountability for transit to encourage better use of public resources and improved service to the public. It makes the transit accounts more useful for the broad range of transportation activities in local areas.

**Testimony Against:** The interjurisdictional service requirement is difficult to administer and may be counterproductive. The CPI-X program addresses only cost reductions but fails to address quality of service and market share. The required transit audits could be a significant burden to small transit systems. Numerous other changes were suggested.

**Testified:** Paul Miller, Tacoma City Council/Pierce Transit Board (pro/with concerns); Rob McKenna, King County Council (pro/with concerns); Mayor Ross Wood, Community Transit Board of Directors (pro/with concerns); Jeanne Edwards, Community Transit Board of Directors (pro/with concerns); Gary Nelson, Community Transit Board of Directors (pro/with concerns); Jeff Hamm, Jefferson Transit/Small & Medium-Sized Transit Alliance (pro/with concerns); Bob Smith, Clallam Transit (pro/with concerns); Mike Harbour, Intercity Transit (pro/with concerns); Gary Lowe, Washington State Association of Counties (pro/with concerns); Craig Olson, Association of Washington Cities (pro/with concerns); King Cushman, Puget Sound Regional Council (pro/with concerns); Paul Locke, citizen (pro); Cathy Silins, Department of Transportation (pro/with concerns); Hil Hornung, transit consultant (pro); and Dan Linville, Amalgamated Transit Union Legislative Council (con).