

SENATE BILL REPORT

SB 5480

As Reported By Senate Committee On:
Transportation, February 25, 1997

Title: An act relating to city and town transportation funding.

Brief Description: Authorizing city and town transportation funding.

Sponsors: Senators Wood, Haugen, Horn, Prentice, Sellar, Oke and Winsley.

Brief History:

Committee Activity: Transportation: 2/18/97, 2/25/97 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5480 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prince, Chair; Benton, Vice Chair; Wood, Vice Chair; Haugen, Goings, Horn, Jacobsen, Morton, Oke, Patterson, Prentice and Rasmussen.

Staff: Jeff Doyle (786-7322)

Background: In 1990, the Legislature authorized several local option transportation taxes, including a street utility fee, allowing municipalities to charge up to \$2 per residential household per month for the purpose of maintaining and upgrading city streets.

The city of Seattle was one of 17 jurisdictions to adopt a local street utility fee ordinance. This fee was subsequently challenged in a class action lawsuit by several city residents.

The state Supreme Court ruled the street utility fee unconstitutional. The city of Seattle and other cities having a similar ordinance have experienced a substantial loss of transportation revenue as a result of the court case.

Summary of Substitute Bill: Three new local option taxes for transportation purposes are authorized. Voter approval is required to enact each of the three local option transportation taxes:

1. For incorporated cities and towns, the unused portion of the property tax levy currently reserved for junior districts may be used for transportation purposes. The maximum amount of this tax is currently 50 cents per \$1,000 of adjusted property value.
2. In counties that have not imposed the full \$15 local option vehicle registration fee by January 1, 1998, cities may impose the unused portion of this currently authorized fee upon vehicles registered within the jurisdiction.

3. Cities and towns may impose a sales and use tax of 0.1 percent dedicated for transportation purposes.

Substitute Bill Compared to Original Bill: Technical corrections are made to the property tax levy rate for junior districts to clarify that any overcharges will be refunded from the new local-option transportation property tax.

The local-option vehicle registration fee is made to apply to pickup trucks, which were inadvertently left out in the original 1990 legislation.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The loss of the street utility fee revenue has hurt local government's ability to raise revenue for transportation projects. This legislation is needed to give local government the opportunity to raise funds at the local level.

Testimony Against: The City of Seattle does not make good use of its existing transportation dollars, and no new revenue options should be granted

Testified: PRO: Senator Wood, prime sponsor; Stan Finkelstein, Association of Washington Cities; Richard McIver; Dick Woods, City of Wenatchee; Scott Staples, City of Walla Walla; Mike Lewis, Greater Seattle Chamber of Commerce; Dick Brisco; CON: Paul W. Locke.