

# SENATE BILL REPORT

## SB 5605

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As of February 10, 1999

**Title:** An act relating to locally imposed transportation funding options.

**Brief Description:** Addressing locally imposed transportation funding options.

**Sponsors:** Senators Gardner, Haugen, Costa, Patterson, Sellar, Prentice, Goings and Kohl-Welles.

**Brief History:**

**Committee Activity:** Transportation: 2/10/99.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Jeff Doyle (786-7322)

**Background:** In 1990 the Legislature authorized several local option transportation taxes, including a street utility fee, which allowed cities 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 18 jurisdictions to adopt a local street utility fee ordinance. This fee was subsequently challenged in a class action lawsuit by several city residents. The Washington 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.

Other local option transportation taxes that currently exist in state law include a motor vehicle fuel tax, a vehicle license fee, a county road levy, and a commercial parking tax. Currently, only counties have the authority to impose these taxes, with two exceptions: the commercial parking tax may be imposed by cities; and in legislation passed during the 1998 session, cities located in Cowlitz County were authorized to impose the vehicle license fee upon a majority vote of citizens.

**Summary of Bill:** Cities, towns and transportation benefit districts are provided authority for locally imposed transportation funding options. Three new funding options are created for cities and towns. First, cities and towns, with voter approval, may implement a city street district levy, to be levied by the county legislative authority on behalf of the city. In cities with a population of 300,000 or more, the city legislative authority is responsible for levying the city street district levy.

The second new funding option allows cities and towns to increase the local sales and use tax by one tenth of 1 percent. Revenues raised by this .01 percent sales and use tax must be used for transportation purposes. This local funding option is subject to voter referendum.

The third new funding option is for cities and towns to impose a business and occupation tax of up to 2 percent on retail sales of motor vehicle and special fuel. Revenues raised by this 2 percent business and occupation tax must be used for transportation purposes and the tax is subject to voter referendum.

In addition to the three newly-created local funding options, two existing transportation funding options are modified. Transportation benefit districts (TBDs) may impose a vehicle license fee of up to \$15 if that fee has not been imposed by the county in which the TBD is located. Revenues raised by this fee must be used for transportation purposes.

Finally, the rate for the countywide local option fuel tax is increased to 20 percent of the state motor fuel and special fuel tax rate. Any imposition of a local option motor fuel and special fuel tax requires voter approval. The proceeds of this tax must be used for transportation purposes.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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