

SENATE BILL REPORT

SB 5929

As Reported By Senate Committee On:
Transportation, March 3, 1999

Title: An act relating to local motor vehicle excise tax.

Brief Description: Reallocating local motor vehicle excise tax for public transportation.

Sponsors: Senators Haugen, Long, Gardner, Costa, Swecker, Hargrove, Winsley, Patterson, Eide, Snyder and Bauer.

Brief History:

Committee Activity: Transportation: 2/25/99, 3/3/99 [DPS, DNPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5929 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Costa, Eide, Heavey, Jacobsen, Oke, Patterson, Prentice, T. Sheldon, Shin and Swecker.

Minority Report: Do not pass substitute.

Signed by Senators Benton, Finkbeiner, Horn, Johnson and Sellar.

Staff: Gene Baxstrom (786-7303)

Background: Public 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. These particular provisions related to the MVET do not apply to the Central Puget Sound Regional Transit Authority (Sound Transit).

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, less the amount going to the high capacity transportation account or the ferry operations account in the state's nine largest counties, 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. Monies not distributed to transit agencies and not deposited into the accounts, go to the transportation fund.

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. Monies in the two accounts are distributed by the Transportation Improvement Board 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: The maximum rate that transit agencies may impose is increased from 0.725 percent to 0.815 percent.

Transit agencies are permitted to include revenues derived from fares, vanpools, charters, advertising and interest earnings as local match for the motor vehicle excise tax which it may impose.

The Central Puget Sound Public Transportation Account and the Public Transportation Systems Account are replaced by the newly created Public Transportation Capital Account. This account may be used for bus or van acquisition, development of capital projects, high capacity transportation system and high occupancy vehicle lane development, road projects benefitting transit, and match for federal transit and Transportation Improvement Board projects. The Transportation Improvement Board administers the account; 60 percent of the funds in the account are to go to transit agencies in counties having a population of greater than 300,000 and the other 40 percent is to go to transit agencies in other counties.

Provision is made for transfer of unexpended funds from the two transit accounts being eliminated to the newly created account and for addressing obligations of the eliminated accounts.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date: This bill contains an emergency clause and Section 1 takes effect on July 1, 1999; Sections 2, 3, and 4 take effect January 1, 2000.

Testimony For: Additional funds are needed to address growing demands for services. This bill restores reduction to transit funding made in 1993.

Testimony Against: This takes money from other transportation programs, particularly highway needs. There is no demonstrated need for this increased funding level.

Testified: PRO: Dan Snow, WA State Transit Assn.; Bob Smith, Clallam Transit; Leo Bowman, Ben Franklin Transit; Otto Herman, Community Transit; Jeff Hamm, Jefferson Transit; David Allen, Transportation Choices Coalition; CON: Duke Schaub, Associated General Contractors; Rick Wickman, AWB.