

**SHB 2359 - H AMD 0018 WITHDRAWN 1/31/02**

By Representative

Strike everything after the enacting clause and insert the following:

**"I. CREATION OF REGIONAL TRANSPORTATION INVESTMENT DISTRICT**

NEW SECTION. **Sec. 101.** FINDINGS. The legislature finds that:

(1) The capacity of many of Washington state's transportation facilities have failed to keep up with the state's growth, particularly in major urban regions;

(2) The state cannot by itself fund, in a timely way, many of the major capacity and other improvements required on highways of statewide significance in the state's largest urbanized area;

(3) Providing a transportation system that provides efficient mobility for persons and freight requires a shared partnership and responsibility between the state, local, and regional governments and the private sector; and

(4) Timely construction and development of significant transportation improvement projects can best be achieved through enhanced funding options for governments at the county and regional levels, using already existing tax authority to address roadway and multimodal needs and new authority for regions to address critical projects of statewide significance.

NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the governing body of a regional transportation investment district.

(2) "Department" means the Washington state department of transportation.

(3) "Highway of statewide significance" means an existing or proposed state route or federal interstate as designated a highway of statewide significance by the transportation commission, its successor entity, or the legislature.

(4) "Lead agency" means a public agency that by law can plan, design, and build a project and has been so designated by the district.

(5) "Local project" means a city or county capital project for principal arterial improvements consistent with the metropolitan transportation plan.

(6) "Regional transportation investment district" or "district" means a municipal corporation whose boundaries are coextensive with two or more contiguous counties and that has been created by county legislative authorities and a vote of the people under this chapter to implement a regional transportation investment plan.

(7) "Regional transportation investment district coordinating committee" or "coordinating committee" means the advisory committee created under section 103 of this act to create and propose to county legislative authorities a regional transportation investment plan to develop, finance, and construct transportation projects.

(8) "Regional transportation investment plan" or "plan" means a plan to develop, construct, and finance a transportation project or projects.

(9) "Transportation project" is:

(a) A capital improvement or improvements to all or a portion of a highway of statewide significance, including an extension, that adds a lane or new lanes to an existing state or federal highway;

(b) A capital improvement or improvements to all or a portion of a highway of statewide significance, including an extension, that repairs or replaces a lane or lanes damaged by an event declared an emergency by the governor before January 1, 2002; or

(c) A capital improvement to:

(i) A state ferry terminal; or

(ii) Improve freight mobility at a rail crossing on a state highway, including rail improvements.

A transportation project as defined in (a), (b), and (c) of this subsection may include the following associated multimodal capital improvements of:

(i) Approaches to highways of statewide significance;

(ii) High-occupancy vehicle lanes;

(iii) Flyover ramps;

(iv) Park and ride lots;

(v) Bus pullouts;

(vi) Vans for vanpools;

(vii) Buses; and

(viii) Signalization, ramp metering, and other transportation system management improvements.

Operations, preservation, and maintenance are excluded from this definition.

(10) "Weighted vote" means a vote that reflects the population each board or coordinating committee member represents relative to the population represented by the total membership of the board or coordinating committee. Population must be determined using the federal 2000 census or subsequent federal census data.

NEW SECTION.      **Sec. 103.**      COORDINATING COMMITTEE FORMATION.

Regional transportation investment district coordinating committees are advisory entities that are created, convened, and empowered as follows:

(1) A county with a population over one million five hundred thousand persons and any adjoining counties with a population over five hundred thousand persons, and an adjoining county as provided in section 117 of this act, or a single county, as set forth in section 104 of this act, may create a regional transportation investment district and shall convene a regional transportation investment district coordinating committee.

(2) The members of the legislative authorities participating in planning under this chapter shall serve as the district coordinating committee. Members of the coordinating committee receive no compensation, but may be reimbursed for travel and incidental expenses as the coordinating committee deems appropriate.

The secretary of transportation, or the appropriate regional administrator of the department, as named by the secretary, shall serve on the committee as a nonvoting member.

(3) A regional transportation investment district coordinating committee may be entitled to state funding, as appropriated by the legislature, for start-up funding to pay for salaries, expenses, overhead, supplies, and similar expenses ordinarily and necessarily incurred in selecting transportation projects and funding for those projects under this chapter. Upon creation of a regional transportation investment district, the district shall within one year reimburse the state for any sums advanced for these start-up costs from the state.

(4) The coordinating committee shall conduct its affairs and formulate a regional transportation investment plan as provided under section 104 of this act, except that it shall elect an executive board of seven members to discharge the duties of the coordinating committee and formulate a regional transportation investment plan, subject to the approval of the full committee.

(5) At its first meeting, a regional transportation investment district coordinating committee may elect officers and provide for the adoption of rules and other operating procedures.

(6) Governance of and decisions by a regional transportation investment district coordinating committee must be by a sixty-percent weighted majority vote of the total membership.

(7) The coordinating committee may dissolve itself at any time by a two-thirds weighted majority vote of the total membership of the coordinating committee.

NEW SECTION. **Sec. 104.** COORDINATING COMMITTEE DUTIES. (1) A regional transportation investment district coordinating committee shall adopt a regional transportation investment plan providing for the selection, development, construction, and financing of transportation projects. The regional transportation investment plan should consider land use planning. The coordinating committee may coordinate its activities with the department, which shall provide services, data, and personnel to assist in this planning as desired by the coordinating committee. In addition, the coordinating committee shall coordinate with affected cities, towns, and other local governments that engage in transportation planning.

(2) The coordinating committee shall:

(a) Conduct public meetings that are needed to assure active public participation in the development of the plan;

(b) Adopt a plan proposing the creation of a regional transportation investment district and recommending transportation and local projects to improve mobility based on addressing transportation improvement projects that are consistent with the metropolitan plan; and

(c) Recommend sources of revenue authorized by section 105 of this act and a financing plan to fund selected transportation projects. The overall plan of the district must leverage the district's financial contributions so that the federal, state, local, and other revenue

sources continue to fund major congestion relief and transportation capacity improvement projects in the district. A combination of local, state, and federal revenues may be necessary to pay for transportation projects, and the coordinating committee shall consider all of these revenue sources in developing a plan.

(3) Before adopting the plan, the coordinating committee, with assistance from the department, shall work with the lead agency to develop accurate cost forecasts for projects. This project costing methodology must be integrated with revenue forecasts in developing the plan and must at a minimum include estimated project costs in constant dollars as well as year of expenditure dollars, the range of project costs reflected by the level of project design, project contingencies, identification of mitigation costs, the range of revenue forecasts, and project and plan cash flow and bond analysis. The plan submitted to the voters must provide cost estimates for each project, including reasonable contingency costs. Plans submitted to the voters must provide that the maximum amount possible of the funds raised will be used to fund projects in the plan, including environmental improvements and mitigation, and that administrative costs be minimized. If actual revenue exceeds actual plan costs, the excess revenues must be used to retire any outstanding debt associated with the plan.

(4) If a county opts not to adopt the plan or participate in the regional transportation investment district, but two or more contiguous counties do choose to continue to participate, then the coordinating committee may, within ninety days, redefine the regional transportation investment plan and the ballot measure to be submitted to the people to reflect elimination of a county, and submit the redefined plan to the legislative authorities of the remaining counties for their decision as to whether to continue to adopt the redefined plan and participate. This action must be completed within sixty days after receipt of the redefined plan.

(5) Once adopted, the plan must be forwarded to the participating county legislative authorities to initiate the election process under section 107 of this act. The coordinating committee shall at the same time provide notice to each city and town within the district, the governor, the chairs of the transportation committees of the legislature, the secretary of transportation, and each legislator whose legislative district is partially or wholly within the boundaries of the district.

(6) Before the county legislative authorities may initiate the election process, within thirty days of receipt of a regional transportation investment plan, cities and towns within the county may act to disapprove the plan. The plan is disapproved if:

(a) The legislative authority of fifty percent or more of the cities and towns within the county vote to reject the plan; and

(b) The cities or towns voting to reject represent a minimum of fifty percent of the population of the cities and towns within the county.

(7) If the ballot measure is not approved by the voters, the coordinating committee may redefine the selected projects, financing plan, and the ballot measure. The county legislative authorities may approve the new plan and ballot measure, and may then submit the revised proposition to the voters at the next election or a special election as prescribed in subsection (5) of this section. If no ballot measure is approved by the voters by the third vote, the coordinating committee is dissolved.

(8) If the counties are not able to achieve a positive vote on a ballot measure within one year from the date of the first election on a proposition, each of the counties that were participants in the plan when it went to a vote, may by resolution, reconstitute an authority as a single-county body.

NEW SECTION.     **Sec. 105.**     TAXES AND FEES.     (1) A regional transportation investment district coordinating committee may, as part of a regional transportation investment plan, recommend the imposition of some or all of the following revenue sources, which a regional transportation investment district may impose upon approval of the voters as provided in this chapter:

(a) A regional sales and use tax, as specified in section 504 of this act, of up to 0.5 percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax, upon the occurrence of any taxable event in the regional transportation investment district, except that the tax does not apply to sales or use of motor vehicles as defined in RCW 46.04.320;

(b) A local option vehicle license fee, as specified under section 508 of this act, of up to one hundred dollars per vehicle registration renewal in the district. As used in this subsection, "vehicle" means motor vehicle as defined in RCW 46.04.320. Certain classes of

vehicles, as defined under chapter 46.04 RCW, may be exempted from this fee;

(c) A parking tax under RCW 82.80.030;

(d) A local motor vehicle excise tax under RCW 81.100.060; and

(e) An employer excise tax under RCW 81.100.030.

(2) Taxes and fees may not be imposed without an affirmative vote of the majority of the voters within the boundaries of the district voting on a ballot proposition as set forth in section 107 of this act. Revenues from these taxes and fees may be used only to implement the plan as set forth in this chapter. A district may contract with the state department of revenue or other appropriate entities for administration and collection of any of the taxes or fees authorized in this section.

(3) Existing statewide motor vehicle fuel and special fuel taxes, at the distribution rates in effect on January 1, 2001, are not intended to be altered by this chapter.

(4)(a) The state sales and use taxes imposed and collected under chapters 82.08 and 82.12 RCW, less any credits allowed under chapter 82.14 RCW, on initial construction for a project to be constructed under this chapter must be transferred to the project or identified as a credit on the project to defray costs or pay debt service on that project.

(b) This transaction is exempt from the requirements in RCW 43.135.035(4).

(c) Government entities constructing projects under this chapter shall report to the department of revenue the amount of state sales or use tax covered under this subsection (4).

**NEW SECTION. Sec. 106.** PERFORMANCE CRITERIA FOR REGIONAL PROJECT SELECTION. (1) The coordinating committee shall consider the following criteria for selecting transportation and local projects to improve corridor performance:

(a) Reduced level of congestion and improved safety;

(b) Improved travel time;

(c) Improved air quality;

(d) Increases in daily and peak period person and vehicle trip capacity;

(e) Reductions in person and vehicle delay;

(f) Improved freight mobility; and

(g) Cost-effectiveness of the investment.

(2) These criteria represent only minimum standards that must be considered in selecting transportation improvement projects. The board shall also consider rules and standards for benchmarks adopted by the transportation commission or its successor.

NEW SECTION. **Sec. 107.** SUBMISSION OF PLAN TO THE VOTERS. Two or more contiguous county legislative authorities, or a single county as authorized in section 104 of this act, upon receipt of the regional transportation investment plan under section 104 of this act, may certify the plan to the ballot, including identification of the tax options necessary to fund the plan. County legislative authorities may draft a ballot title, give notice as required by law for ballot measures, and perform other duties as required to put the plan before the voters of the proposed district for their approval or rejection as a single ballot measure that both approves formation of the district and approves the plan. Counties must negotiate interlocal agreements necessary to implement the plan. The electorate will be the voters voting within the boundaries of the participating counties. A simple majority of the total persons voting on the single ballot measure to approve the plan, establish the district, and impose the taxes and fees is required for approval.

NEW SECTION. **Sec. 108.** CERTIFICATION OF FORMATION. If the voters approve the plan, including creation of a regional transportation investment district and imposition of taxes and fees, the district will be declared formed. The county election officials of participating counties shall, within fifteen days of the final certification of the election results, publish a notice in a newspaper or newspapers of general circulation in the district declaring the district formed, and mail copies of the notice to the governor, the secretary of transportation, the executive director of the regional transportation planning organization, and the county treasurer who is serving as the district treasurer. A party challenging the procedure or the formation of a voter-approved district must file the challenge in writing by serving the prosecuting attorney of the participating counties and the attorney general within thirty days after the final certification of the election. Failure to challenge within that time forever bars further challenge of the district's procedure or the valid formation.



NEW SECTION. **Sec. 109.** BOARD COMPOSITION. (1) The governing board of a district consists of the members of the legislative authority of each member county, acting ex officio and independently. The secretary of transportation or the appropriate regional administrator of the department, as named by the secretary, shall also serve as a nonvoting member of the board.

(2) A sixty-percent majority of the weighted votes of the total board membership is required to submit to the counties a modified plan under section 114 of this act or any other proposal to be submitted to the voters. The counties, may, with majority vote of each county legislative authority, submit a modified plan or proposal to the voters.

NEW SECTION. **Sec. 110.** BOARD ORGANIZATION. The board shall adopt rules for the conduct of business. The board shall adopt bylaws to govern district affairs, which may include:

- (1) The time and place of regular meetings;
- (2) Rules for calling special meetings;
- (3) The method of keeping records of proceedings and official acts;
- (4) Procedures for the safekeeping and disbursement of funds; and
- (5) Any other provisions the board finds necessary to include.

NEW SECTION. **Sec. 111.** BOARD'S POWERS AND DUTIES. (1) The governing board of the district is responsible for the execution of the voter-approved plan. The board shall:

- (a) Impose taxes and fees authorized by district voters;
- (b) Enter into agreements with state, local, and regional agencies and departments as necessary to accomplish district purposes and protect the district's investment in projects;
- (c) Accept gifts, grants, or other contributions of funds that will support the purposes and programs of the district;
- (d) Monitor and audit the progress and execution of projects to protect the investment of the public and annually make public its findings;
- (e) Pay for services and enter into leases and contracts, including professional service contracts;
- (f) Hire no more than ten employees, including a director or executive officer, a treasurer or financial officer, a project manager or engineer, a project permit coordinator, and clerical staff; and

(g) Exercise other powers and duties as may be reasonable to carry out the purposes of the district.

(2) It is the intent of the legislature that existing staff resources of lead agencies be used in implementing this chapter. A district may coordinate its activities with the department, which shall provide services, data, and personnel to assist as desired by the regional transportation investment district. Lead agencies for projects that are not state facilities shall also provide staff support for the board.

(3) A district may not acquire, hold, or dispose of real property.

(4) A district may not own, operate, or maintain an ongoing facility, road, or transportation system.

(5) A district may accept and expend or use gifts, grants, or donations.

(6) It is the intent of the legislature that administrative and overhead costs of a regional transportation investment district be minimized. For projects costing up to fifty million dollars, administrative and overhead costs may not exceed three percent of the total construction and design project costs per year. For projects costing more than fifty million dollars, administrative and overhead costs may not exceed three percent of the first fifty million dollars in costs, plus an additional one-tenth of one percent of each additional dollar above fifty million. These limitations apply only to the district, and do not limit the administration or expenditures of the department.

(7) A district may use the design-build procedure for projects developed by it. As used in this section "design-build procedure" means a method of contracting under which the district contracts with another party for that party to both design and build the structures, facilities, and other items specified in the contract. The requirements and limitations of RCW 47.20.780 and 47.20.785 do not apply to the projects under this chapter.

NEW SECTION. **Sec. 112.** TREASURER. The regional transportation investment district, by resolution, shall designate a person having experience in financial or fiscal matters as treasurer of the district. The district may designate the treasurer of a county within which the district is located to act as its treasurer. Such a treasurer has all of the powers, responsibilities, and duties the county treasurer has

related to investing surplus funds. The district shall require a bond with a surety company authorized to do business in this state in an amount and under the terms and conditions the district, by resolution, from time to time finds will protect the district against loss. The district shall pay the premium on the bond.

In addition to the account established in section 501 of this act, the treasurer may establish a special account, into which may be paid district funds. The treasurer may disburse district funds only on warrants issued by the district upon orders or vouchers approved by the district.

If the treasurer of the district is the treasurer of a county, all district funds must be deposited with a county depository under the same restrictions, contracts, and security as provided for county depositories. If the treasurer of the district is some other person, all funds must be deposited in a bank or banks authorized to do business in this state qualified for insured deposits under any federal deposit insurance act as the district, by resolution, designates.

The district may provide and require a reasonable bond of any other person handling moneys or securities of the district, but the district shall pay the premium on the bond.

NEW SECTION. **Sec. 113.** DEBT AND BONDING. The district may borrow money, but may not issue any debt of its own for more than two years' duration. A district may issue notes or other evidences of indebtedness with a maturity of not more than two years. A district may, when authorized by the plan, enter into agreements with the lead agencies to pledge taxes or other revenues of the district for the purpose of paying in part or whole principal and interest on bonds issued by the lead agency. The contracts pledging revenues and taxes are binding for the term of the agreement, but not to exceed twenty-five years, and no tax pledged by an agreement may be eliminated or modified if it would impair the pledge of the agreement.

NEW SECTION. **Sec. 114.** PROJECT OR PLAN MODIFICATION--ACCOUNTABILITY. (1) If a project cost exceeds its original cost by more than twenty percent as identified in the plan:

(a) The board shall, in coordination with the county legislative authorities, submit to the voters in the district a ballot measure that redefines the scope of the project, its schedule, or its costs. If the

voters fail to approve the redefined project, the district shall terminate work on that project, except that the district may take reasonable steps to use, preserve, or connect any improvement already constructed. The remainder of any funds that would otherwise have been expended on the terminated project must first be used to retire any outstanding debt attributable to the plan and then may be used to implement the remainder of the plan.

(b) Alternatively, upon adoption of a resolution by two or more participating counties:

(i) The counties shall submit to the voters in the district a ballot measure that redefines the scope of the plan, its projects, its schedule, or its costs. If the voters fail to approve the redefined plan, the district shall terminate work on that plan, except that the district may take reasonable steps to use, preserve, or connect any improvement already constructed. The remainder of any funds must be used to retire any outstanding debt attributable to the plan; or

(ii) The counties may elect to have the district continue the project without submitting an additional ballot proposal to the voters.

(2) To assure accountability to the public for the timely construction of the transportation improvement project or projects within cost projections, the district shall issue a report, at least annually, to the public and copies of the report to newspapers of record in the district. In the report, the district shall indicate the status of project costs, project expenditures, revenues, and construction schedules. The report may also include progress towards meeting the performance criteria provided under this chapter.

(3) The legislature finds that public confidence in transportation construction projects is essential and that programs to improve quality, efficiency, and effectiveness of public functions must be enhanced. To this end:

(a) The joint legislative audit and review committee shall collaborate with the department of transportation to develop performance audit criteria for projects and public agencies funded under this chapter. In developing criteria, the committee and the department shall consult with and seek input from elected officials and professionals with a background in performance management and consider already developed best practices or audit criteria used by government or nongovernmental organizations;

(b) Subsequent to the development of performance audit criteria, the committee shall:

(i) Conduct performance audits of projects, systems, and agencies funded by this act;

(ii) Report findings, recommendations, and monitor best practice implementation; and

(iii) Provide public recognition for outstanding effort.

(c) For purposes of this subsection (3), "performance audit" means an objective systematic assessment, survey, or directed self-assessment of state government or any of its agencies, programs, functions, or activities in order to help public officials demonstrate public accountability. Performance audits include, but are not limited to: (i) Quality and process management practices; (ii) independent and effective internal audit functions; (iii) internal and external customer satisfaction; (iv) program and periodic program reviews; (v) financial and fiscal productivity and efficiency; and (vi) legal, regulatory, and procedural compliance.

NEW SECTION. **Sec. 115.** STATE DEPARTMENT OF TRANSPORTATION ROLE.

(1) The department shall designate an office or division of dedicated staff and services whose primary responsibility is to coordinate the design, preliminary engineering, permitting, financing, and construction of projects under consideration by a regional transportation investment district coordinating committee or that are part of a regional transportation investment plan being implemented by a regional transportation investment district.

(2) All of the powers granted the department under Title 47 RCW relating to highway construction may, at the request of a regional transportation investment district, be used to implement a regional transportation investment plan and construct transportation projects.

NEW SECTION. **Sec. 116.** STATE OWNS IMPROVEMENTS TO STATE FACILITIES. Any improvement to a state facility constructed under this chapter becomes and remains the property of this state.

NEW SECTION. **Sec. 117.** COUNTY JOINING DISTRICT. (1) A county with a population under five hundred thousand persons and that is part of a regional transportation planning organization with a county with

a population greater than one million five hundred thousand persons may vote to join a regional transportation investment district.

(2) The county shall use the planning process set forth in this chapter except that it will be as a single county coordinating committee to develop the plan and a single county, voting separately to join the district. A plan developed by the coordinating committee must provide that all revenues generated from within the county will be expended on projects that benefit the county.

(3) If approved by the voters, the county will become part of the district and the governing board of the district will be adjusted accordingly.

NEW SECTION. **Sec. 118.** DISSOLUTION. Within thirty days of the completion of the construction of the project or series of projects forming the regional transportation investment plan, the district shall terminate day-to-day operations and exist solely as a limited entity that oversees the collection of revenue and the payment of debt service or financing still in effect, if any. The district shall accordingly adjust downward its employees, administration, and overhead expenses. Any taxes and fees imposed under an approved plan terminate when the financing or debt service on the project or series of projects constructed is completed and paid, thirty days from which point the district shall dissolve itself and cease to exist. If there is no debt outstanding, then the district shall dissolve within thirty days from completion of construction of the project or series of projects forming the regional transportation investment plan. Notice of dissolution must be published in newspapers of general circulation within the district at least three times in a period of thirty days. Creditors must file claims for payment of claims due within thirty days of the last published notice or the claim is extinguished.

NEW SECTION. **Sec. 119.** OTHER REGIONS. The legislature finds that regional solutions to the state's transportation needs are of paramount concern. The legislature further recognizes that different areas of the state will need the flexibility to fashion local solutions to their transportation problems, and that regional transportation systems may evolve over time. Areas of the state outside of King, Snohomish, and Pierce counties are eligible for grants from the state of no more than one hundred fifty thousand dollars to study and develop regional

transportation models. Regions electing to participate in this pilot program may form interlocal agreements within their regions and must develop a model that can be used within their region. Regions receiving these grants shall report to the transportation committees in the senate and house of representatives on the positive and negative aspects of the model as well as costs associated with it no later than June 30, 2003.

## II. JOINT BALLOT WITH RTA

NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of the coordinating committee, and with the explicit approval of the regional transit authority, the participating counties may choose to impose any remaining high capacity transportation taxes under chapter 81.104 RCW that have not otherwise been used by a regional transit authority and submit to the voters a common ballot measure that creates the district, approves the regional transportation investment plan, implements the taxes, and implements any remaining high capacity transportation taxes within the boundaries of the regional transportation investment district. Collection and expenditures of any high capacity transportation taxes implemented under this section must be determined by agreement between the participating counties or district and the regional transit authority electing to submit high capacity transportation taxes to the voters under a common ballot measure as provided in this section. If the measure fails, all such unused high capacity transportation taxes revert back to and remain with the regional transit authority. A project constructed with this funding is not considered a "transportation project" under section 102 of this act and may include development of a monorail.

**Sec. 202.** RCW 81.104.140 and 1992 c 101 s 25 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, and 81.104.170, are authorized only for agencies located in (a) each county with a population of two hundred

ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

- (a) Acceptability;
- (b) Ease of administration;
- (c) Equity;
- (d) Implementation feasibility;
- (e) Revenue reliability; and
- (f) Revenue yield.

(4) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

- (a) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;
- (b) Special motor vehicle excise tax as provided in RCW 81.104.160; and
- (c) Sales and use tax as provided in RCW 81.104.170.

Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, and 81.104.170, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No



construction on exclusive right of way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Authorization in subsection (4) of this section shall not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions shall retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, and 81.104.170 shall be subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title shall reference the document identified in subsection (8) of this section.

(8) Agencies shall provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It shall also describe the relationship of the system to regional issues such as development density at station locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document shall be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet shall be produced as provided in chapter 29.81A RCW.

(10) Agencies providing high capacity transportation service shall retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

### III. CITY MVET FOR MONORAIL

NEW SECTION. **Sec. 301.** A new section is added to chapter 81.104 RCW to read as follows:

MVET FOR CITY MONORAIL. (1) The legislature finds that there is a need for large cities, with populations of five hundred thousand or more, at their option, to develop, construct, and operate intracity monorail systems within their boundaries to facilitate the movement of people and mitigate traffic congestion in highly urbanized areas.

(2) For the sole purposes of developing, constructing, or operating an intracity monorail system within its boundaries, a city with a population of five hundred thousand or more may, with voter approval, impose a motor vehicle excise tax, at a rate approved by the voters, but not exceeding one percent of the value of every motor vehicle owned by a person residing within the city and on the state sales and use taxes paid under the rate in RCW 82.08.020(2) on retail car rentals within the city. No tax may be imposed on vehicles licensed under RCW 46.16.070 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or 46.16.090.

Before the effective date of the resolution or ordinance imposing the tax, cities imposing a tax under this section shall contract the administration and collection to the state department of licensing and department of revenue, as appropriate, which shall deduct an amount, as provided by contract, for administration and collection expenses incurred by the department. All administrative provisions in chapters 82.03, 82.32, and 82.44 RCW, insofar as they apply to state motor vehicle excise taxes, also apply to taxes imposed under this section. All administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32 RCW, insofar as they apply to state sales and use taxes, also apply to taxes imposed under this section.

### IV. HIGHWAYS OF STATEWIDE SIGNIFICANCE

**Sec. 401.** RCW 47.05.021 and 1998 c 245 s 95 and 1998 c 171 s 5 are each reenacted and amended to read as follows:

LEGISLATURE MAY DESIGNATE HIGHWAYS OF STATEWIDE SIGNIFICANCE. (1) The transportation commission is hereby directed to conduct periodic analyses of the entire state highway system, report thereon to the chairs of the transportation committees of the senate and house of

representatives, including one copy to the staff of each of the committees, biennially and based thereon, to subdivide, classify, and subclassify according to their function and importance all designated state highways and those added from time to time and periodically review and revise the classifications into the following three functional classes:

(a) The "principal arterial system" shall consist of a connected network of rural arterial routes with appropriate extensions into and through urban areas, including all routes designated as part of the interstate system, which serve corridor movements having travel characteristics indicative of substantial statewide and interstate travel;

(b) The "minor arterial system" shall, in conjunction with the principal arterial system, form a rural network of arterial routes linking cities and other activity centers which generate long distance travel, and, with appropriate extensions into and through urban areas, form an integrated network providing interstate and interregional service; and

(c) The "collector system" shall consist of routes which primarily serve the more important intercounty, intracounty, and intraurban travel corridors, collect traffic from the system of local access roads and convey it to the arterial system, and on which, regardless of traffic volume, the predominant travel distances are shorter than on arterial routes.

(2) In making the functional classification the transportation commission shall adopt and give consideration to criteria consistent with this section and federal regulations relating to the functional classification of highways, including but not limited to the following:

(a) Urban population centers within and without the state stratified and ranked according to size;

(b) Important traffic generating economic activities, including but not limited to recreation, agriculture, government, business, and industry;

(c) Feasibility of the route, including availability of alternate routes within and without the state;

(d) Directness of travel and distance between points of economic importance;

(e) Length of trips;

(f) Character and volume of traffic;

(g) Preferential consideration for multiple service which shall include public transportation;

(h) Reasonable spacing depending upon population density; and

(i) System continuity.

(3) The transportation commission or the legislature shall designate state highways of statewide significance under RCW 47.06.140(~~(, and)~~). If the commission designates a state highway of statewide significance, it shall submit a list of such facilities for adoption by the ((1999)) legislature. This statewide system shall include at a minimum interstate highways and other statewide principal arterials that are needed to connect major communities across the state and support the state's economy.

(4) The transportation commission shall designate a freight and goods transportation system. This statewide system shall include state highways, county roads, and city streets. The commission, in cooperation with cities and counties, shall review and make recommendations to the legislature regarding policies governing weight restrictions and road closures which affect the transportation of freight and goods.

NEW SECTION. **Sec. 402.** A new section is added to chapter 47.05 RCW to read as follows:

DESIGNATION OF STATE ROUTE NUMBER 509. The legislature designates that portion of state route number 509 that runs or will run from state route number 518 in the north to the intersection with interstate 5 in the south as a state highway of statewide significance.

## V. FINANCE

NEW SECTION. **Sec. 501.** REGIONAL TRANSPORTATION INVESTMENT DISTRICT ACCOUNT. (1) The regional transportation investment district account is created in the custody of the state treasurer. The purpose of this account is to act as an account into which may be deposited state money, if any, that may be used in conjunction with district money to fund transportation projects. Additionally, the district may deposit funds into this account for disbursement, as appropriate, on transportation projects. Nothing in this section requires any state matching money. All money deposited in the regional transportation investment district account will be used for design, right of way

acquisition, capital acquisition, and construction, or for the payment of debt service associated with these activities, for regionally funded projects developed under this chapter. Only the district may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW. An appropriation is not required for expenditures from this account.

(2) The money in the regional transportation investment district account must be expended as follows:

(a) Ninety percent must be used to implement transportation projects identified in the plan. The department of transportation must use the funds to implement transportation projects as defined in section 102 of this act and identified in the regional transportation investment plan; and

(b) Ten percent must be distributed to counties and cities for local projects as defined in section 102 of this act, identified in the ballot proposition and adopted transportation and land use plans of the jurisdiction spending the funds and consistent with an applicable and adopted metropolitan transportation plan. Of this amount, in a county with a population over one million five hundred thousand, seventy percent must be distributed to local projects in incorporated areas.

**Sec. 502.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to read as follows:

TOLL ROADS--REGIONAL TRANSPORTATION INVESTMENT DISTRICTS. The department shall approve for construction only such toll roads as the legislature specifically authorizes or such toll facilities as are specifically sponsored by a regional transportation investment district, city, town, or county.

**Sec. 503.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended to read as follows:

DEPOSIT OF SURPLUS BALANCE INVESTMENT EARNINGS--TREASURY INCOME ACCOUNT--ACCOUNTS AND FUNDS CREDITED. (*EFFECTIVE MARCH 1, 2002.*) (1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash

management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal account, the department of retirement systems expense account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects

account, the education construction fund, the emergency reserve fund, the federal forest revolving account, the health services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization account, the natural resources deposit account, the oyster reserve land account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public health supplemental account, the Puyallup tribal settlement account, the regional transportation investment district account, the resource management cost account, the site closure account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the supplemental pension account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the transportation infrastructure account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer fire fighters' and reserve officers' relief and pension principal fund, the volunteer fire fighters' and reserve officers' administrative fund, the Washington fruit express account, the Washington judicial retirement system account, the Washington law enforcement officers' and fire fighters' system plan 1 retirement account, the Washington law enforcement officers' and fire fighters' system plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond

retirement fund, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway account, the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, and the urban arterial trust account.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. **Sec. 504.** A new section is added to chapter 82.14 RCW to read as follows:

**SALES AND USE TAX.** If approved by the majority of the voters within its boundaries voting on the ballot proposition, a regional transportation investment district may impose a sales and use tax of up to 0.5 percent of the selling price or value of the article used in the case of a use tax. The tax authorized by this section is in addition to the tax authorized by RCW 82.14.030 and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW



upon the occurrence of any taxable event within the taxing district. Motor vehicles, as defined in RCW 46.04.320, are exempt from the sales and use tax imposed under this subsection.

NEW SECTION. **Sec. 505.** A new section is added to chapter 43.135 RCW to read as follows:

SALES AND USE TAX CREDIT SHIFT. A transfer or credit from the general fund of sales and use tax paid on a transportation project being constructed by a regional transportation investment district does not require a corresponding lowering of the state expenditure limit to reflect this shift for purposes of RCW 43.135.035(4).

**Sec. 506.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to read as follows:

CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties, cities, and transportation authorities under RCW 82.14.045 ~~((and))~~, public facilities districts under chapters 36.100 and 35.57 RCW, and regional transportation investment districts shall contract, prior to the effective date of a resolution or ordinance imposing a sales and use tax, the administration and collection to the state department of revenue, which shall deduct a percentage amount, as provided by contract, not to exceed two percent of the taxes collected for administration and collection expenses incurred by the department. The remainder of any portion of any tax authorized by this chapter ~~((which))~~ that is collected by the department of revenue shall be deposited by the state department of revenue in the local sales and use tax account hereby created in the state treasury. Moneys in the local sales and use tax account may be spent only for distribution to counties, cities, transportation authorities, ~~((and))~~ public facilities districts, and regional transportation investment districts imposing a sales and use tax. All administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be amended, shall, insofar as they are applicable to state sales and use taxes, be applicable to taxes imposed pursuant to this chapter. Except as provided in RCW 43.08.190, all earnings of investments of balances in the local sales and use tax account shall be credited to the local sales and use tax account and distributed to the counties, cities, transportation authorities, ~~((and))~~ public facilities districts, and regional transportation investment districts monthly.

NEW SECTION. **Sec. 507.** A new section is added to chapter 82.32 RCW to read as follows:

CREDIT ON SALES TAX ON PROJECTS. (1) The tax imposed and collected under chapters 82.08 and 82.12 RCW, less any credits allowed under chapter 82.14 RCW, on initial construction for a project to be constructed under chapter 36.-- RCW (sections 101 through 118, 201, and 501 of this act), must be transferred to the project or identified as a credit on the project to defray costs or pay debt service on that project.

(2) This transaction is exempt from the requirements in RCW 43.135.035(4).

(3) Government entities constructing projects under chapter 36.-- RCW (sections 101 through 118, 201, and 501 of this act) shall report to the department the amount of state sales or use tax covered under this section.

NEW SECTION. **Sec. 508.** A new section is added to chapter 82.80 RCW to read as follows:

LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority of the voters within its boundaries voting on the ballot proposition, a regional transportation investment district may set and impose an annual local option vehicle license fee, or a schedule of fees based upon the age of the vehicle, of up to one hundred dollars per motor vehicle registered within the boundaries of the region on every motor vehicle, as defined in RCW 46.04.320. Vehicles registered under chapter 46.87 RCW and the International Registration Plan are exempt from the annual local option vehicle license fee set forth in this section. The department of licensing shall administer and collect this fee on behalf of regional transportation investment districts and remit this fee to the custody of the state treasurer for monthly distribution under RCW 82.80.080.

(2) The local option vehicle license fee applies only when renewing a vehicle registration. This fee is effective with the registration expiration date as provided by the department of licensing.

(3) A regional transportation investment district imposing the local option vehicle license fee or initiating an exemption process shall enter into a contract with the department of licensing. The contract must contain provisions that fully recover the costs to the department of licensing for collection and administration of the fee.

(4) A regional transportation investment district imposing the local option fee shall delay the effective date of the local option vehicle license fee imposed by this section at least six months from the date of the final certification of the approval election to allow the department of licensing to implement the administration and collection of or exemption from the fee.

**Sec. 509.** RCW 81.100.010 and 1990 c 43 s 12 are each amended to read as follows:

DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The need for mobility, growing travel demand, and increasing traffic congestion in urban areas necessitate accelerated development and increased utilization of the high\_occupancy vehicle system. RCW 81.100.030 and 81.100.060 provide taxing authority that counties or regional transportation investment districts can use in the near term to accelerate development and increase utilization of the high\_occupancy vehicle system by supplementing available federal, state, and local funds.

**Sec. 510.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to read as follows:

DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE EMPLOYER TAX.  
(1) A county with a population of one million or more, or a county with a population of from two hundred ten thousand to less than one million that is adjoining a county with a population of one million or more, and having within its boundaries existing or planned high\_occupancy vehicle lanes on the state highway system, or a regional transportation investment district for capital improvements, but only to the extent that the tax has not already been imposed by the county, may, with voter approval impose an excise tax of up to two dollars per employee per month on all employers or any class or classes of employers, public and private, including the state located in the agency's jurisdiction, measured by the number of full-time equivalent employees. In no event may the total taxes imposed under this section exceed two dollars per employee per month for any single employer. The county or investment district imposing the tax authorized in this section may provide for exemptions from the tax to such educational, cultural, health, charitable, or religious organizations as it deems appropriate.

Counties or investment districts may contract with the state department of revenue or other appropriate entities for administration and collection of the tax. Such contract shall provide for deduction of an amount for administration and collection expenses.

(2) The tax shall not apply to employment of a person when the employer has paid for at least half of the cost of a transit pass issued by a transit agency for that employee, valid for the period for which the tax would otherwise be owed.

(3) A county or investment district shall adopt rules (~~which~~) that exempt from all or a portion of the tax any employer that has entered into an agreement with the county or investment district that is designed to reduce the proportion of employees who drive in single-occupant vehicles during peak commuting periods in proportion to the degree that the agreement is designed to meet the goals for the employer's location adopted under RCW 81.100.040.

The agreement shall include a list of specific actions that the employer will undertake to be entitled to the exemption. Employers having an exemption from all or part of the tax through this subsection shall annually certify to the county or investment district that the employer is fulfilling the terms of the agreement. The exemption continues as long as the employer is in compliance with the agreement.

If the tax authorized in RCW 81.100.060 is also imposed (~~by the county~~), the total proceeds from both tax sources each year shall not exceed the maximum amount which could be collected under RCW 81.100.060.

**Sec. 511.** RCW 81.100.060 and 1998 c 321 s 34 are each amended to read as follows:

DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE EXCISE TAX. A county with a population of one million or more and a county with a population of from two hundred ten thousand to less than one million that is adjoining a county with a population of one million or more, having within their boundaries existing or planned high-occupancy vehicle lanes on the state highway system, or a regional transportation investment district for capital improvements, but only to the extent that the surcharge has not already been imposed by the county, may, with voter approval, impose a local surcharge of not more than 13.64 percent on the state motor vehicle excise tax paid under RCW 82.44.020(1) on vehicles registered to a person residing within the

county and on the state sales and use taxes paid under the rate in RCW 82.08.020(2) on retail car rentals within the county or investment district. A county may impose the surcharge only to the extent that it has not been imposed by the district. No surcharge may be imposed on vehicles licensed under RCW 46.16.070 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or 46.16.090. The excise tax under this section applies only to renewal of vehicle registrations.

Counties or investment districts imposing a tax under this section shall contract, before the effective date of the resolution or ordinance imposing a surcharge, administration and collection to the state department of licensing, and department of revenue, as appropriate, which shall deduct an amount, as provided by contract, for administration and collection expenses incurred by the department. All administrative provisions in chapters 82.03, 82.32, and 82.44 RCW shall, insofar as they are applicable to ((state)) motor vehicle excise taxes, be applicable to surcharges imposed under this section. All administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32 RCW shall, insofar as they are applicable to state sales and use taxes, be applicable to surcharges imposed under this section.

If the tax authorized in RCW 81.100.030 is also imposed ((by the county)), the total proceeds from tax sources imposed under this section and RCW 81.100.030 each year shall not exceed the maximum amount which could be collected under this section.

**Sec. 512.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to read as follows:

DISTRICT AUTHORITY TO IMPOSE PARKING TAX. (1) Subject to the conditions of this section, the legislative authority of a county ((or)) city, or district may fix and impose a parking tax on all persons engaged in a commercial parking business within its respective jurisdiction. The jurisdiction of a county, for purposes of this section, includes only the unincorporated area of the county. The jurisdiction of a city, or district includes only the area within its ((incorporated)) boundaries. If a city or county has imposed a tax under this section, the district may not impose a tax in those areas where a tax has already been imposed.

(2) In lieu of the tax in subsection (1) of this section, a city ((or)) a county in its unincorporated area, or a district may fix and

impose a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business.

The city ((~~or~~)), county, or district may provide that:

- (a) The tax is paid by the operator or owner of the motor vehicle;
- (b) The tax applies to all parking for which a fee is paid, whether paid or leased, including parking supplied with a lease of nonresidential space;
- (c) The tax is collected by the operator of the facility and remitted to the city ((~~or~~)), county, or district;
- (d) The tax is a fee per vehicle or is measured by the parking charge;
- (e) The tax rate varies with zoning or location of the facility, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other reasonable factors; and
- (f) Tax exempt carpools, vehicles with handicapped decals, or government vehicles are exempt from the tax.

(3) "Commercial parking business" as used in this section, means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

(4) The rate of the tax under subsection (1) of this section may be based either upon gross proceeds or the number of vehicle stalls available for commercial parking use. The rates charged must be uniform for the same class or type of commercial parking business.

(5) The county ((~~or~~)), city, or district levying the tax provided for in subsection (1) or (2) of this section may provide for its payment on a monthly, quarterly, or annual basis. Each local government may develop by ordinance or resolution rules for administering the tax, including provisions for reporting by commercial parking businesses, collection, and enforcement.

(6) The proceeds of the commercial parking tax fixed and imposed by a city or county under subsection (1) or (2) of this section shall be used strictly for transportation purposes in accordance with RCW 82.80.070. The proceeds of the parking tax imposed by a district must be used as provided in chapter 36.-- RCW (sections 101 through 118, 201, and 501 of this act).

**Sec. 513.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to read as follows:

REQUIRES THAT LOCAL OPTION TAXES IMPOSED BY DISTRICT BE USED FOR DISTRICT PROJECTS. (1) The proceeds collected pursuant to the exercise of the local option authority of RCW 82.80.010, 82.80.020, 82.80.030, and 82.80.050 (hereafter called "local option transportation revenues") shall be used for transportation purposes only, including but not limited to the following: The operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high-capacity transit improvements and programs; and planning, design, and acquisition of right of way and sites for such transportation purposes. The proceeds collected from excise taxes on the sale, distribution, or use of motor vehicle fuel and special fuel under RCW 82.80.010 shall be used exclusively for "highway purposes" as that term is construed in Article II, section 40 of the state Constitution.

(2) The local option transportation revenues shall be expended for transportation uses consistent with the adopted transportation and land use plans of the jurisdiction expending the funds and consistent with any applicable and adopted regional transportation plan for metropolitan planning areas.

(3) Each local government with a population greater than eight thousand that levies or expends local option transportation funds, is also required to develop and adopt a specific transportation program that contains the following elements:

(a) The program shall identify the geographic boundaries of the entire area or areas within which local option transportation revenues will be levied and expended.

(b) The program shall be based on an adopted transportation plan for the geographic areas covered and shall identify the proposed operation and construction of transportation improvements and services in the designated plan area intended to be funded in whole or in part by local option transportation revenues and shall identify the annual costs applicable to the program.

(c) The program shall indicate how the local transportation plan is coordinated with applicable transportation plans for the region and for adjacent jurisdictions.

(d) The program shall include at least a six-year funding plan, updated annually, identifying the specific public and private sources and amounts of revenue necessary to fund the program. The program shall include a proposed schedule for construction of projects and expenditure of revenues. The funding plan shall consider the additional local tax revenue estimated to be generated by new development within the plan area if all or a portion of the additional revenue is proposed to be earmarked as future appropriations for transportation improvements in the program.

(4) Local governments with a population greater than eight thousand exercising the authority for local option transportation funds shall periodically review and update their transportation program to ensure that it is consistent with applicable local and regional transportation and land use plans and within the means of estimated public and private revenue available.

(5) In the case of expenditure for new or expanded transportation facilities, improvements, and services, priorities in the use of local option transportation revenues shall be identified in the transportation program and expenditures shall be made based upon the following criteria, which are stated in descending order of weight to be attributed:

(a) First, the project serves a multijurisdictional function;

(b) Second, it is necessitated by existing or reasonably foreseeable congestion;

(c) Third, it has the greatest person-carrying capacity;

(d) Fourth, it is partially funded by other government funds, such as from the state transportation improvement board, or by private sector contributions, such as those from the local transportation act, chapter 39.92 RCW; and

(e) Fifth, it meets such other criteria as the local government determines is appropriate.

(6) It is the intent of the legislature that as a condition of levying, receiving, and expending local option transportation revenues, no local government agency use the revenues to replace, divert, or loan any revenues currently being used for transportation purposes to nontransportation purposes. The association of Washington cities and the Washington state association of counties, in consultation with the legislative transportation committee, shall study the issue of nondiversion and make recommendations to the legislative transportation



committee for language implementing the intent of this section by December 1, 1990.

(7) Local governments are encouraged to enter into interlocal agreements to jointly develop and adopt with other local governments the transportation programs required by this section for the purpose of accomplishing regional transportation planning and development.

(8) Local governments may use all or a part of the local option transportation revenues for the amortization of local government general obligation and revenue bonds issued for transportation purposes consistent with the requirements of this section.

(9) Subsections (1) through (8) of this section do not apply to a regional transportation investment district imposing a tax or fee under the local option authority of this chapter. Proceeds collected under the exercise of local option authority under this chapter by a district must be used in accordance with chapter 36.-- RCW (sections 101 through 118, 201, and 501 of this act). Proceeds collected under RCW 82.80.010 by a district must be used exclusively for "highway purposes," as that term is construed under Article II, section 40 of the Washington state Constitution.

**Sec. 514.** RCW 82.80.080 and 1998 c 281 s 2 are each amended to read as follows:

LOCAL OPTION TAX REVENUE DISTRIBUTION. (1) The state treasurer shall distribute revenues, less authorized deductions, generated by the local option taxes authorized in RCW 82.80.010 and 82.80.020, levied by counties to the levying counties, and cities contained in those counties, based on the relative per capita population. County population for purposes of this section is equal to one and one-half of the unincorporated population of the county. In calculating the distributions, the state treasurer shall use the population estimates prepared by the state office of financial management and shall further calculate the distribution based on information supplied by the departments of licensing and revenue, as appropriate.

(2) The state treasurer shall distribute revenues, less authorized deductions, generated by the local option taxes authorized in RCW 82.80.010 and 82.80.020 levied by qualifying cities and towns to the levying cities and towns.

(3) The state treasurer shall distribute to the district revenues, less authorized deductions, generated by the local option taxes under

RCW 82.80.010 or fees under section 508 of this act levied by a district.

NEW SECTION. **Sec. 515.** A new section is added to chapter 82.80 RCW to read as follows:

DISTRICT DEFINED FOR LOCAL TAXES. For the purposes of this chapter, "district" means a regional transportation investment district created under chapter 36.-- RCW (sections 101 through 118, 201, and 501 of this act).

## VI. OTHER PROVISIONS

NEW SECTION. **Sec. 601.** CAPTIONS AND SUBHEADINGS. Captions and subheadings used in this act are not part of the law.

NEW SECTION. **Sec. 602.** TERMINATION OF DISTRICTS. Regional transportation investment districts and their powers and duties are terminated on June 30, 2006. However, nothing in this section may be construed as impairing a district created before June 30, 2006, from continuing to collect approved revenues and make payment on projects or debt incurred.

NEW SECTION. **Sec. 603.** CODIFICATION. Sections 101 through 118, 201, and 501 of this act constitute a new chapter in Title 36 RCW.

NEW SECTION. **Sec. 604.** SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 605.** NULL AND VOID. This act is null and void if a transportation revenue act containing new or additional revenue does not become law by December 31, 2002."

Correct the title.

--- END ---