

2 SHB 2359 - H AMD  
3 By Representative

4

5 Strike everything after the enacting clause and insert the  
6 following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (9) "Transportation project" is:

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

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

27 (c) A capital improvement to:

28 (i) A state ferry terminal; or

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

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

34 (i) Approaches to highways of statewide significance;

35 (ii) High-occupancy vehicle lanes;

36 (iii) Flyover ramps;

37 (iv) Park and ride lots;

38 (v) Bus pullouts;

39 (vi) Vans for vanpools;

1 (vii) Buses; and  
2 (viii) Signalization, ramp metering, and other transportation  
3 system management improvements.

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

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

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

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

14 (1) A county with a population over one million five hundred  
15 thousand persons may convene a regional transportation investment  
16 district coordinating committee. An adjoining county with a population  
17 over five hundred thousand persons, or an adjoining county as provided  
18 in section 117 of this act, may opt to participate in the coordinating  
19 committee.

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

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

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

37 (4) The coordinating committee shall conduct its affairs and  
38 formulate a regional transportation investment plan as provided under

1 section 104 of this act, except that it shall elect an executive board  
2 of seven members to discharge the duties of the coordinating committee  
3 and formulate a regional transportation investment plan, subject to the  
4 approval of the full committee.

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

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

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

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

25 (2) The coordinating committee shall:

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

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

33 (c) Recommend sources of revenue authorized by section 105 of this  
34 act and a financing plan to fund selected transportation projects. The  
35 overall plan of the district must leverage the district's financial  
36 contributions so that the federal, state, local, and other revenue  
37 sources continue to fund major congestion relief and transportation  
38 capacity improvement projects in the district. A combination of local,

1 state, and federal revenues may be necessary to pay for transportation  
2 projects, and the coordinating committee shall consider all of these  
3 revenue sources in developing a plan.

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

20 (4) If a county opts not to adopt the plan or participate in the  
21 regional transportation investment district, but a county with a  
22 population over one million five hundred thousand persons, either by  
23 itself or in conjunction with another contiguous county having a  
24 population over five hundred thousand persons chooses to continue to  
25 participate, then the coordinating committee may, within ninety days,  
26 redefine the regional transportation investment plan and the ballot  
27 measure to be submitted to the people to reflect elimination of a  
28 county or counties, and submit the redefined plan to the legislative  
29 authorities of the remaining county or counties for each county's  
30 decision as to whether to continue to adopt the redefined plan and  
31 participate. This action must be completed within sixty days after  
32 receipt of the redefined plan.

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

1 whose legislative district is partially or wholly within the boundaries  
2 of the district.

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

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

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

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

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

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

32 (b) A local option vehicle license fee, as specified under section  
33 508 of this act, of up to one hundred dollars per vehicle registration  
34 renewal in the district. As used in this subsection, "vehicle" means  
35 motor vehicle as defined in RCW 46.04.320. Certain classes of  
36 vehicles, as defined under chapter 46.04 RCW, may be exempted from this  
37 fee;

38 (c) A parking tax under RCW 82.80.030;

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

2 (e) An employer excise tax under RCW 81.100.030.

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

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

14 (4)(a) The state sales and use taxes imposed and collected under  
15 chapters 82.08 and 82.12 RCW, less any credits allowed under chapter  
16 82.14 RCW, on initial construction for a project to be constructed  
17 under this chapter must be transferred to the project or identified as  
18 a credit on the project to defray costs or pay debt service on that  
19 project.

20 (b) This transaction is exempt from the requirements in RCW  
21 43.135.035(4).

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

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

29 (a) Reduced level of congestion and improved safety;

30 (b) Improved travel time;

31 (c) Improved air quality;

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

34 (e) Reductions in person and vehicle delay;

35 (f) Improved freight mobility; and

36 (g) Cost-effectiveness of the investment.

37 (2) These criteria represent only minimum standards that must be  
38 considered in selecting transportation improvement projects. The board

1 shall also consider rules and standards for benchmarks adopted by the  
2 transportation commission or its successor.

3 NEW SECTION. **Sec. 107.** SUBMISSION OF PLAN TO THE VOTERS. Two or  
4 more contiguous county legislative authorities, one of which has a  
5 population over one million five hundred thousand persons, or a single  
6 county as authorized in section 104 of this act, upon receipt of the  
7 regional transportation investment plan under section 104 of this act,  
8 may certify the plan to the ballot, including identification of the tax  
9 options necessary to fund the plan. County legislative authorities may  
10 draft a ballot title, give notice as required by law for ballot  
11 measures, and perform other duties as required to put the plan before  
12 the voters of the proposed district for their approval or rejection as  
13 a single ballot measure in each county that both approves formation of  
14 the district and approves the plan. Counties must negotiate interlocal  
15 agreements necessary to implement the plan. The electorate will be the  
16 voters voting within the boundaries of each participating county. A  
17 simple majority of the total persons voting on a single ballot measure  
18 to approve the plan, establish the district, and impose the taxes and  
19 fees is required for approval within each county. The district must be  
20 formed if the voters of a county with a population of more than one  
21 million five hundred thousand approve formation. The district must  
22 also include other counties if the voters of those counties approve  
23 formation. The district's boundaries must be contiguous with the  
24 county or counties where formation was approved.

25 NEW SECTION. **Sec. 108.** CERTIFICATION OF FORMATION. If the voters  
26 approve the plan, including creation of a regional transportation  
27 investment district and imposition of taxes and fees, the district will  
28 be declared formed. The county election officials of participating  
29 counties shall, within fifteen days of the final certification of the  
30 election results, publish a notice in a newspaper or newspapers of  
31 general circulation in the district declaring the district formed, and  
32 mail copies of the notice to the governor, the secretary of  
33 transportation, the executive director of the regional transportation  
34 planning organization, and the county treasurer who is serving as the  
35 district treasurer. A party challenging the procedure or the formation  
36 of a voter-approved district must file the challenge in writing by  
37 serving the prosecuting attorney of the participating counties and the



1 attorney general within thirty days after the final certification of  
2 the election. Failure to challenge within that time forever bars  
3 further challenge of the district's procedure or the valid formation.

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

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

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

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

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

- 27 (a) Impose taxes and fees authorized by district voters;
- 28 (b) Enter into agreements with state, local, and regional agencies  
29 and departments as necessary to accomplish district purposes and  
30 protect the district's investment in projects;
- 31 (c) Accept gifts, grants, or other contributions of funds that will  
32 support the purposes and programs of the district;
- 33 (d) Monitor and audit the progress and execution of projects to  
34 protect the investment of the public and annually make public its  
35 findings;

1 (e) Pay for services and enter into leases and contracts, including  
2 professional service contracts;

3 (f) Hire no more than ten employees, including a director or  
4 executive officer, a treasurer or financial officer, a project manager  
5 or engineer, a project permit coordinator, and clerical staff; and

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

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

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

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

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

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

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

1        NEW SECTION.    **Sec. 112.**    TREASURER.    The regional transportation  
2 investment district, by resolution, shall designate a person having  
3 experience in financial or fiscal matters as treasurer of the district.  
4 The district may designate the treasurer of a county within which the  
5 district is located to act as its treasurer.    Such a treasurer has all  
6 of the powers, responsibilities, and duties the county treasurer has  
7 related to investing surplus funds.    The district shall require a bond  
8 with a surety company authorized to do business in this state in an  
9 amount and under the terms and conditions the district, by resolution,  
10 from time to time finds will protect the district against loss.    The  
11 district shall pay the premium on the bond.

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

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

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

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

1        NEW SECTION.        **Sec. 114.**        PROJECT OR PLAN MODIFICATION--

2 ACCOUNTABILITY. (1) If a project cost exceeds its original cost by  
3 more than twenty percent as identified in the plan:

4        (a) The board shall, in coordination with the county legislative  
5 authorities, submit to the voters in the district a ballot measure that  
6 redefines the scope of the project, its schedule, or its costs. If the  
7 voters fail to approve the redefined project, the district shall  
8 terminate work on that project, except that the district may take  
9 reasonable steps to use, preserve, or connect any improvement already  
10 constructed. The remainder of any funds that would otherwise have been  
11 expended on the terminated project must first be used to retire any  
12 outstanding debt attributable to the plan and then may be used to  
13 implement the remainder of the plan.

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

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

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

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

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

37        (a) The joint legislative audit and review committee shall  
38 collaborate with the department of transportation to develop  
39 performance audit criteria for projects and public agencies funded

1 under this chapter. In developing criteria, the committee and the  
2 department shall consult with and seek input from elected officials and  
3 professionals with a background in performance management and consider  
4 already developed best practices or audit criteria used by government  
5 or nongovernmental organizations;

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

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

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

12 (iii) Provide public recognition for outstanding effort.

13 (c) For purposes of this subsection (3), "performance audit" means  
14 an objective systematic assessment, survey, or directed self-assessment  
15 of state government or any of its agencies, programs, functions, or  
16 activities in order to help public officials demonstrate public  
17 accountability. Performance audits include, but are not limited to:

18 (i) Quality and process management practices; (ii) independent and  
19 effective internal audit functions; (iii) internal and external  
20 customer satisfaction; (iv) program and periodic program reviews; (v)  
21 financial and fiscal productivity and efficiency; and (vi) legal,  
22 regulatory, and procedural compliance.

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

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

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

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

1        NEW SECTION.    **Sec. 117.**    COUNTY JOINING DISTRICT.    (1) A county  
2 with a population under five hundred thousand persons and that is part  
3 of a regional transportation planning organization with a county with  
4 a population greater than one million five hundred thousand persons may  
5 vote to join a regional transportation investment district.

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

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

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

33        NEW SECTION.    **Sec. 119.**    OTHER REGIONS.    The legislature finds that  
34 regional solutions to the state's transportation needs are of paramount  
35 concern. The legislature further recognizes that different areas of  
36 the state will need the flexibility to fashion local solutions to their  
37 transportation problems, and that regional transportation systems may

1 evolve over time. Areas of the state outside of King, Snohomish, and  
2 Pierce counties are eligible for grants from the state of no more than  
3 one hundred fifty thousand dollars to study and develop regional  
4 transportation models. Regions electing to participate in this pilot  
5 program may form interlocal agreements within their regions and must  
6 develop a model that can be used within their region. Regions  
7 receiving these grants shall report to the transportation committees in  
8 the senate and house of representatives on the positive and negative  
9 aspects of the model as well as costs associated with it no later than  
10 June 30, 2003.

11 **II. JOINT BALLOT WITH RTA**

12 NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of  
13 the coordinating committee, and with the explicit approval of the  
14 regional transit authority, the participating counties may choose to  
15 impose any remaining high capacity transportation taxes under chapter  
16 81.104 RCW that have not otherwise been used by a regional transit  
17 authority and submit to the voters a common ballot measure that creates  
18 the district, approves the regional transportation investment plan,  
19 implements the taxes, and implements any remaining high capacity  
20 transportation taxes within the boundaries of the regional  
21 transportation investment district. Collection and expenditures of any  
22 high capacity transportation taxes implemented under this section must  
23 be determined by agreement between the participating counties or  
24 district and the regional transit authority electing to submit high  
25 capacity transportation taxes to the voters under a common ballot  
26 measure as provided in this section. If the measure fails, all such  
27 unused high capacity transportation taxes revert back to and remain  
28 with the regional transit authority. A project constructed with this  
29 funding is not considered a "transportation project" under section 102  
30 of this act and may include development of a monorail.

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

33 (1) Agencies authorized to provide high capacity transportation  
34 service, including transit agencies and regional transit authorities,  
35 and regional transportation investment districts acting with the  
36 agreement of an agency, are hereby granted dedicated funding sources

1 for such systems. These dedicated funding sources, as set forth in RCW  
2 81.104.150, 81.104.160, and 81.104.170, are authorized only for  
3 agencies located in (a) each county with a population of two hundred  
4 ten thousand or more and (b) each county with a population of from one  
5 hundred twenty-five thousand to less than two hundred ten thousand  
6 except for those counties that do not border a county with a population  
7 as described under (a) of this subsection. In any county with a  
8 population of one million or more or in any county having a population  
9 of four hundred thousand or more bordering a county with a population  
10 of one million or more, these funding sources may be imposed only by a  
11 regional transit authority or a regional transportation investment  
12 district. Regional transportation investment districts may, with the  
13 approval of the regional transit authority within its boundaries,  
14 impose the taxes authorized under this chapter, but only upon approval  
15 of the voters and to the extent that the maximum amount of taxes  
16 authorized under this chapter have not been imposed.

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

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

- 22 (a) Acceptability;
- 23 (b) Ease of administration;
- 24 (c) Equity;
- 25 (d) Implementation feasibility;
- 26 (e) Revenue reliability; and
- 27 (f) Revenue yield.

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

31 (a) Employer tax as provided in RCW 81.104.150, other than by  
32 regional transportation investment districts;

33 (b) Special motor vehicle excise tax as provided in RCW 81.104.160;  
34 and

35 (c) Sales and use tax as provided in RCW 81.104.170.

36 Revenues from these taxes may be used only to support those  
37 purposes prescribed in subsection (10) of this section. Before the  
38 date of an election authorizing an agency to impose any of the taxes  
39 enumerated in this section and authorized in RCW 81.104.150,



1 81.104.160, and 81.104.170, the agency must comply with the process  
2 prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No  
3 construction on exclusive right of way may occur before the  
4 requirements of RCW 81.104.100(3) are met.

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

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

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

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

32 (9) For any election in which voter approval is sought for a high  
33 capacity transportation system plan and financing plan pursuant to RCW  
34 81.104.040, a local voter's pamphlet shall be produced as provided in  
35 chapter 29.81A RCW.

36 (10) Agencies providing high capacity transportation service shall  
37 retain responsibility for revenue encumbrance, disbursement, and  
38 bonding. Funds may be used for any purpose relating to planning,  
39 construction, and operation of high capacity transportation systems and

1 commuter rail systems, personal rapid transit, busways, bus sets, and  
2 entrained and linked buses.

### 3 III. CITY MVET FOR MONORAIL

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

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

11 (2) For the sole purposes of developing, constructing, or operating  
12 an intracity monorail system within its boundaries, a city with a  
13 population of five hundred thousand or more may, with voter approval,  
14 impose a motor vehicle excise tax, at a rate approved by the voters,  
15 but not exceeding one percent of the value of every motor vehicle owned  
16 by a person residing within the city and on the state sales and use  
17 taxes paid under the rate in RCW 82.08.020(2) on retail car rentals  
18 within the city. No tax may be imposed on vehicles licensed under RCW  
19 46.16.070 except vehicles with an unladen weight of six thousand pounds  
20 or less, RCW 46.16.079, 46.16.085, or 46.16.090.

21 Before the effective date of the resolution or ordinance imposing  
22 the tax, cities imposing a tax under this section shall contract the  
23 administration and collection to the state department of licensing and  
24 department of revenue, as appropriate, which shall deduct an amount, as  
25 provided by contract, for administration and collection expenses  
26 incurred by the department. All administrative provisions in chapters  
27 82.03, 82.32, and 82.44 RCW, insofar as they apply to state motor  
28 vehicle excise taxes, also apply to taxes imposed under this section.  
29 All administrative provisions in chapters 82.03, 82.08, 82.12, and  
30 82.32 RCW, insofar as they apply to state sales and use taxes, also  
31 apply to taxes imposed under this section.

### 32 IV. HIGHWAYS OF STATEWIDE SIGNIFICANCE

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

1           LEGISLATURE MAY DESIGNATE HIGHWAYS OF STATEWIDE SIGNIFICANCE. (1)  
2 The transportation commission is hereby directed to conduct periodic  
3 analyses of the entire state highway system, report thereon to the  
4 chairs of the transportation committees of the senate and house of  
5 representatives, including one copy to the staff of each of the  
6 committees, biennially and based thereon, to subdivide, classify, and  
7 subclassify according to their function and importance all designated  
8 state highways and those added from time to time and periodically  
9 review and revise the classifications into the following three  
10 functional classes:

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

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

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

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

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

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

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

- 1 (d) Directness of travel and distance between points of economic  
2 importance;
- 3 (e) Length of trips;
- 4 (f) Character and volume of traffic;
- 5 (g) Preferential consideration for multiple service which shall  
6 include public transportation;
- 7 (h) Reasonable spacing depending upon population density; and
- 8 (i) System continuity.

9 (3) The transportation commission or the legislature shall  
10 designate state highways of statewide significance under RCW  
11 47.06.140(~~(, and)~~). If the commission designates a state highway of  
12 statewide significance, it shall submit a list of such facilities for  
13 adoption by the ((1999)) legislature. This statewide system shall  
14 include at a minimum interstate highways and other statewide principal  
15 arterials that are needed to connect major communities across the state  
16 and support the state's economy.

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

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

26 DESIGNATION OF STATE ROUTE NUMBER 509 AND CROSSBASE HIGHWAY. (1)  
27 The legislature designates that portion of state route number 509 that  
28 runs or will run from state route number 518 in the north to the  
29 intersection with interstate 5 in the south as a state highway of  
30 statewide significance.

31 (2) The legislature designates state route number 704 from state  
32 route number 5 to state route number 161 as a state highway of  
33 statewide significance.

34 NEW SECTION. Sec. 403. A new section is added to chapter 47.17  
35 RCW to read as follows:

36 DESIGNATION OF CROSSBASE HIGHWAY. A state highway to be known as  
37 state route number 704 is established as follows:

1 Beginning at a junction with state route number 5 in south Pierce  
2 county, thence easterly across Fort Lewis to a junction with state  
3 route number 161.

4 **V. FINANCE**

5 NEW SECTION. **Sec. 501.** REGIONAL TRANSPORTATION INVESTMENT  
6 DISTRICT ACCOUNT. (1) The regional transportation investment district  
7 account is created in the custody of the state treasurer. The purpose  
8 of this account is to act as an account into which may be deposited  
9 state money, if any, that may be used in conjunction with district  
10 money to fund transportation projects. Additionally, the district may  
11 deposit funds into this account for disbursement, as appropriate, on  
12 transportation projects. Nothing in this section requires any state  
13 matching money. All money deposited in the regional transportation  
14 investment district account will be used for design, right of way  
15 acquisition, capital acquisition, and construction, or for the payment  
16 of debt service associated with these activities, for regionally funded  
17 projects developed under this chapter. Only the district may authorize  
18 expenditures from the account. The account is subject to allotment  
19 procedures under chapter 43.88 RCW. An appropriation is not required  
20 for expenditures from this account.

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

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

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

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

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

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

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

14 (2) The treasury income account shall be utilized to pay or receive  
15 funds associated with federal programs as required by the federal cash  
16 management improvement act of 1990. The treasury income account is  
17 subject in all respects to chapter 43.88 RCW, but no appropriation is  
18 required for refunds or allocations of interest earnings required by  
19 the cash management improvement act. Refunds of interest to the  
20 federal treasury required under the cash management improvement act  
21 fall under RCW 43.88.180 and shall not require appropriation. The  
22 office of financial management shall determine the amounts due to or  
23 from the federal government pursuant to the cash management improvement  
24 act. The office of financial management may direct transfers of funds  
25 between accounts as deemed necessary to implement the provisions of the  
26 cash management improvement act, and this subsection. Refunds or  
27 allocations shall occur prior to the distributions of earnings set  
28 forth in subsection (4) of this section.

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

37 (4) Monthly, the state treasurer shall distribute the earnings  
38 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the treasury  
2 income account except:

3 (a) The following accounts and funds shall receive their  
4 proportionate share of earnings based upon each account's and fund's  
5 average daily balance for the period: The capitol building  
6 construction account, the Cedar River channel construction and  
7 operation account, the Central Washington University capital projects  
8 account, the charitable, educational, penal and reformatory  
9 institutions account, the common school construction fund, the county  
10 criminal justice assistance account, the county sales and use tax  
11 equalization account, the data processing building construction  
12 account, the deferred compensation administrative account, the deferred  
13 compensation principal account, the department of retirement systems  
14 expense account, the drinking water assistance account, the drinking  
15 water assistance administrative account, the drinking water assistance  
16 repayment account, the Eastern Washington University capital projects  
17 account, the education construction fund, the emergency reserve fund,  
18 the federal forest revolving account, the health services account, the  
19 public health services account, the health system capacity account, the  
20 personal health services account, the state higher education  
21 construction account, the higher education construction account, the  
22 highway infrastructure account, the industrial insurance premium refund  
23 account, the judges' retirement account, the judicial retirement  
24 administrative account, the judicial retirement principal account, the  
25 local leasehold excise tax account, the local real estate excise tax  
26 account, the local sales and use tax account, the medical aid account,  
27 the mobile home park relocation fund, the multimodal transportation  
28 account, the municipal criminal justice assistance account, the  
29 municipal sales and use tax equalization account, the natural resources  
30 deposit account, the oyster reserve land account, the perpetual  
31 surveillance and maintenance account, the public employees' retirement  
32 system plan 1 account, the public employees' retirement system combined  
33 plan 2 and plan 3 account, the public health supplemental account, the  
34 Puyallup tribal settlement account, the regional transportation  
35 investment district account, the resource management cost account, the  
36 site closure account, the special wildlife account, the state  
37 employees' insurance account, the state employees' insurance reserve  
38 account, the state investment board expense account, the state  
39 investment board commingled trust fund accounts, the supplemental

1 pension account, the teachers' retirement system plan 1 account, the  
2 teachers' retirement system combined plan 2 and plan 3 account, the  
3 tobacco prevention and control account, the tobacco settlement account,  
4 the transportation infrastructure account, the tuition recovery trust  
5 fund, the University of Washington bond retirement fund, the University  
6 of Washington building account, the volunteer fire fighters' and  
7 reserve officers' relief and pension principal fund, the volunteer fire  
8 fighters' and reserve officers' administrative fund, the Washington  
9 fruit express account, the Washington judicial retirement system  
10 account, the Washington law enforcement officers' and fire fighters'  
11 system plan 1 retirement account, the Washington law enforcement  
12 officers' and fire fighters' system plan 2 retirement account, the  
13 Washington school employees' retirement system combined plan 2 and 3  
14 account, the Washington state health insurance pool account, the  
15 Washington state patrol retirement account, the Washington State  
16 University building account, the Washington State University bond  
17 retirement fund, the water pollution control revolving fund, and the  
18 Western Washington University capital projects account. Earnings  
19 derived from investing balances of the agricultural permanent fund, the  
20 normal school permanent fund, the permanent common school fund, the  
21 scientific permanent fund, and the state university permanent fund  
22 shall be allocated to their respective beneficiary accounts. All  
23 earnings to be distributed under this subsection (4)(a) shall first be  
24 reduced by the allocation to the state treasurer's service fund  
25 pursuant to RCW 43.08.190.

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



1 fund, the transportation fund, the transportation improvement account,  
2 the transportation improvement board bond retirement account, and the  
3 urban arterial trust account.

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

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

9 SALES AND USE TAX. If approved by the majority of the voters  
10 within its boundaries voting on the ballot proposition, a regional  
11 transportation investment district may impose a sales and use tax of up  
12 to 0.5 percent of the selling price or value of the article used in the  
13 case of a use tax. The tax authorized by this section is in addition  
14 to the tax authorized by RCW 82.14.030 and must be collected from those  
15 persons who are taxable by the state under chapters 82.08 and 82.12 RCW  
16 upon the occurrence of any taxable event within the taxing district.  
17 Motor vehicles, as defined in RCW 46.04.320, are exempt from the sales  
18 and use tax imposed under this subsection.

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

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

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

28 CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties,  
29 cities, and transportation authorities under RCW 82.14.045 ((and)),  
30 public facilities districts under chapters 36.100 and 35.57 RCW, and  
31 regional transportation investment districts shall contract, prior to  
32 the effective date of a resolution or ordinance imposing a sales and  
33 use tax, the administration and collection to the state department of  
34 revenue, which shall deduct a percentage amount, as provided by  
35 contract, not to exceed two percent of the taxes collected for  
36 administration and collection expenses incurred by the department. The

1 remainder of any portion of any tax authorized by this chapter  
2 (~~which~~) that is collected by the department of revenue shall be  
3 deposited by the state department of revenue in the local sales and use  
4 tax account hereby created in the state treasury. Moneys in the local  
5 sales and use tax account may be spent only for distribution to  
6 counties, cities, transportation authorities, (~~and~~) public facilities  
7 districts, and regional transportation investment districts imposing a  
8 sales and use tax. All administrative provisions in chapters 82.03,  
9 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be  
10 amended, shall, insofar as they are applicable to state sales and use  
11 taxes, be applicable to taxes imposed pursuant to this chapter. Except  
12 as provided in RCW 43.08.190, all earnings of investments of balances  
13 in the local sales and use tax account shall be credited to the local  
14 sales and use tax account and distributed to the counties, cities,  
15 transportation authorities, (~~and~~) public facilities districts, and  
16 regional transportation investment districts monthly.

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

19 CREDIT ON SALES TAX ON PROJECTS. (1) The tax imposed and collected  
20 under chapters 82.08 and 82.12 RCW, less any credits allowed under  
21 chapter 82.14 RCW, on initial construction for a project to be  
22 constructed under chapter 36.-- RCW (sections 101 through 118, 201, and  
23 501 of this act), must be transferred to the project or identified as  
24 a credit on the project to defray costs or pay debt service on that  
25 project.

26 (2) This transaction is exempt from the requirements in RCW  
27 43.135.035(4).

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

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

34 LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority  
35 of the voters within its boundaries voting on the ballot proposition,  
36 a regional transportation investment district may set and impose an  
37 annual local option vehicle license fee, or a schedule of fees based

1 upon the age of the vehicle, of up to one hundred dollars per motor  
2 vehicle registered within the boundaries of the region on every motor  
3 vehicle, as defined in RCW 46.04.320. Vehicles registered under  
4 chapter 46.87 RCW and the International Registration Plan are exempt  
5 from the annual local option vehicle license fee set forth in this  
6 section. The department of licensing shall administer and collect this  
7 fee on behalf of regional transportation investment districts and remit  
8 this fee to the custody of the state treasurer for monthly distribution  
9 under RCW 82.80.080.

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

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

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

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

26 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The  
27 need for mobility, growing travel demand, and increasing traffic  
28 congestion in urban areas necessitate accelerated development and  
29 increased utilization of the high\_occupancy vehicle system. RCW  
30 81.100.030 and 81.100.060 provide taxing authority that counties or  
31 regional transportation investment districts can use in the near term  
32 to accelerate development and increase utilization of the  
33 high\_occupancy vehicle system by supplementing available federal,  
34 state, and local funds.

35 **Sec. 510.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to  
36 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.

1 If the tax authorized in RCW 81.100.060 is also imposed (~~by the~~  
2 ~~county~~)), the total proceeds from both tax sources each year shall not  
3 exceed the maximum amount which could be collected under RCW  
4 81.100.060.

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

7 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE  
8 EXCISE TAX. A county with a population of one million or more and a  
9 county with a population of from two hundred ten thousand to less than  
10 one million that is adjoining a county with a population of one million  
11 or more, having within their boundaries existing or planned  
12 high-occupancy vehicle lanes on the state highway system, or a regional  
13 transportation investment district for capital improvements, but only  
14 to the extent that the surcharge has not already been imposed by the  
15 county, may, with voter approval, impose a local surcharge of not more  
16 than 13.64 percent on the state motor vehicle excise tax paid under RCW  
17 82.44.020(1) on vehicles registered to a person residing within the  
18 county and on the state sales and use taxes paid under the rate in RCW  
19 82.08.020(2) on retail car rentals within the county or investment  
20 district. A county may impose the surcharge only to the extent that it  
21 has not been imposed by the district. No surcharge may be imposed on  
22 vehicles licensed under RCW 46.16.070 except vehicles with an unladen  
23 weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or  
24 46.16.090. The excise tax under this section applies only to renewal  
25 of vehicle registrations.

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

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

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

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

17 (2) In lieu of the tax in subsection (1) of this section, a city  
18 (~~(or)~~), a county in its unincorporated area, or a district may fix and  
19 impose a tax for the act or privilege of parking a motor vehicle in a  
20 facility operated by a commercial parking business.

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

22 (a) The tax is paid by the operator or owner of the motor vehicle;

23 (b) The tax applies to all parking for which a fee is paid, whether  
24 paid or leased, including parking supplied with a lease of  
25 nonresidential space;

26 (c) The tax is collected by the operator of the facility and  
27 remitted to the city (~~(or)~~), county, or district;

28 (d) The tax is a fee per vehicle or is measured by the parking  
29 charge;

30 (e) The tax rate varies with zoning or location of the facility,  
31 the duration of the parking, the time of entry or exit, the type or use  
32 of the vehicle, or other reasonable factors; and

33 (f) Tax exempt carpools, vehicles with handicapped decals, or  
34 government vehicles are exempt from the tax.

35 (3) "Commercial parking business" as used in this section, means  
36 the ownership, lease, operation, or management of a commercial parking  
37 lot in which fees are charged. "Commercial parking lot" means a

1 covered or uncovered area with stalls for the purpose of parking motor  
2 vehicles.

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

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

13 (6) The proceeds of the commercial parking tax fixed and imposed by  
14 a city or county under subsection (1) or (2) of this section shall be  
15 used strictly for transportation purposes in accordance with RCW  
16 82.80.070. The proceeds of the parking tax imposed by a district must  
17 be used as provided in chapter 36.-- RCW (sections 101 through 118,  
18 201, and 501 of this act).

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

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

37 (2) The local option transportation revenues shall be expended for  
38 transportation uses consistent with the adopted transportation and land

1 use plans of the jurisdiction expending the funds and consistent with  
2 any applicable and adopted regional transportation plan for  
3 metropolitan planning areas.

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

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

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

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

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

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

35 (5) In the case of expenditure for new or expanded transportation  
36 facilities, improvements, and services, priorities in the use of local  
37 option transportation revenues shall be identified in the  
38 transportation program and expenditures shall be made based upon the



1 following criteria, which are stated in descending order of weight to  
2 be attributed:

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

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

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

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

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

13 (6) It is the intent of the legislature that as a condition of  
14 levying, receiving, and expending local option transportation revenues,  
15 no local government agency use the revenues to replace, divert, or loan  
16 any revenues currently being used for transportation purposes to  
17 nontransportation purposes. The association of Washington cities and  
18 the Washington state association of counties, in consultation with the  
19 legislative transportation committee, shall study the issue of  
20 nondiversion and make recommendations to the legislative transportation  
21 committee for language implementing the intent of this section by  
22 December 1, 1990.

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

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

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



1 continuing to collect approved revenues and make payment on projects or  
2 debt incurred.

3 NEW SECTION. **Sec. 603.** CODIFICATION. Sections 101 through 118,  
4 201, and 501 of this act constitute a new chapter in Title 36 RCW.

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

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

12 Correct the title.

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