

HOUSE BILL REPORT

ESHB 2359

As Amended by the Senate

Title: An act relating to authorizing the financing of regional transportation improvements by counties.

Brief Description: Authorizing county financing of regional transportation improvements.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Fisher, Cooper, Kessler, Berkey, Jackley, McIntire, Conway, Wood, Kagi and Ogden).

Brief History:

Committee Activity:

Transportation: 1/23/02, 1/28/02 [DPS].

Floor Activity:

Passed House: 1/31/02, 51-44.

Senate Amended.

Passed Senate: 3/7/02, 35-14.

Brief Summary of Engrossed Substitute Bill

- Authorizes counties to address regional transportation issues by developing a plan to improve state highways, regional arterials, public transportation, ferries, rail lines, and management transportation demand.
- Authorizes voter-approved funding sources, including newly authorized 0.5 percent sales tax, \$100 vehicle registration fee, parking tax, and tolls. Extends to counties for this plan existing tax sources available to counties for high occupancy vehicle lanes (HOVs), local fuel tax, and transit and high capacity transit taxes, with transit agency approval.
- Authorizes Seattle to address development of a local transit system, including the monorail, and provides voter-approved, local option taxes.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Fisher, Chair; Cooper, Vice Chair; Lovick, Vice Chair; Edwards, Haigh, Hatfield, Jackley, Murray, Ogden, Reardon, Rockefeller, Romero, Simpson, Sullivan and Wood.

Minority Report: Do not pass. Signed by 12 members: Representatives Mitchell, Ranking Minority Member; Anderson, Armstrong, Ericksen, Hankins, Holmquist, Jarrett, Mielke, Morell, Schindler, Skinner and Woods.

Staff: Gene Baxstrom (786-7303).

Background:

The Governor and the Legislature created the Blue Ribbon Commission on Transportation (BRCT) in 1998 to assess the local, regional and state transportation systems; ensure that current and future money is spent wisely; make the system more accountable and predictable; and prepare a 20-year plan for funding and investing in the transportation system. In its final report the BRCT issued 18 recommendations. Recommendation six stated that regions be provided with the ability to plan, select, fund and implement (or contract for the implementation of) projects identified to meet the region's transportation and land use goals.

Summary of Engrossed Substitute Bill:

County powers are enhanced to enable counties to address major transportation issues within their boundaries and within regions. These powers include newly authorized, voter-approved revenue sources as well as modifications of currently authorized taxes. A Regional Transportation Investment Plan development process is prescribed, utilizing regional transportation planning organizations.

Development of a Regional Transportation Investment Plan. At the request of a member county (or counties), a regional transportation planning organization is to prepare within 90 days an investment plan for counties addressing identified criteria, including reduced congestion and improved safety, increased capacity, air quality, land use, and cost-effectiveness to address mobility needs within the county (counties). The plan is to identify projects to be included, project costs and contingencies, revenue sources, and a financing plan. The Department of Transportation is to provide assistance in this planning effort.

The county legislative authority can either approve or disapprove the plan or revise it. If approved, the plan then goes to the voters within each county. If the plan is approved by the voters and involves more than one county, the counties must then negotiate interlocal agreements. A process is set forth to deal with projects which are over cost by more than 20 percent. The county may terminate taxes and tolls under the approved plan when projects are completed and project debts are paid.

The plan may include projects to enhance highways of statewide significance, principal arterials of regional significance, public transportation investments, monorail facilities,

rail facilities, ferry system capital improvements, and transportation demand management programs. Projects may include operation, maintenance and preservation of these roadways and other facilities.

Revenue Options. A regional transportation planning organization and a county may select from the following list of revenue options to fund the projects: a vehicle license fee on renewals of up to \$100 per year; a commercial parking tax on gross proceeds or vehicle stalls; sales and use tax of up to 0.5 percent; and tolls on new improvements. In addition, the following local government funding sources may be used for these projects: a local option motor vehicle excise tax of up to 0.3 percent and an employer excise tax of up to \$2 per employee per month for HOV lane development; a local option fuel tax limited to road purposes; with approval of the transit agency, the unused sales tax for transit for transit purposes; and, with approval of the affected transit agency, high capacity transit sales tax and motor vehicle excise tax (MVET) for high capacity transit uses. The local option taxes may only be imposed to the extent those taxes are not already imposed.

Sales tax paid on construction materials to build the improvements authorized under this bill are credited to the project to defray costs, pay debt service or to lower or reduce the time for the tolls. Cities within counties not imposing it are authorized to impose the up-to-\$15 vehicle registration fee. All counties with transit systems are authorized to impose the high capacity transit taxes as part of a regional plan.

Cities over 300,000 in population are authorized to create a city transportation authority to perform the public transportation function. The governing authority is to be named by the city. The authority is granted powers to develop public transportation conveyances, including monorails, within its service area. Voter-approved taxes granted the authority are a property tax of up to \$1.50 per thousand of assessed valuation, an up-to-two and one-half percent motor vehicle excise tax, and an up-to-\$100 vehicle registration fee. Bonding authority is granted.

Other features:

State Route 509 is designated as a state highway of statewide significance.

EFFECT OF SENATE AMENDMENT(S):

The Senate struck the House Bill and added ESSB 6140. Provides for a special district in the three-county Puget Sound area. A board of the county council members of participating counties is the planning and governing body. Ninety percent of expenditures must be for transportation projects of statewide significance, including specified transit capital. Different from 6140, 10 percent of expenditures may be for county roads, city streets and other state highways meeting certain criteria.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Engrossed Substitute Bill: Ninety days after adjournment of session in which bill is passed. However, the bill is null and void if a transportation revenue act is not passed in 2002.

Testimony For: Transportation is a major concern in many areas of our state. This legislation permits areas of the state to help address their own transportation problems. It provides flexibility among modes and funding sources to permit local citizens and elected officials to address these needs. It uses existing units of government to implement these activities.

Testimony Against: None.

Testified: (In support) Rob McKenna, King County Council; Terry Finn, Port of Seattle; Jim Boldt, Port of Tacoma; Harold Moss, Pierce County Council/Washington State Association of Counties; Kevin Phelps, city of Tacoma; Tim Botkin, Kitsap County Commissioner; Sharon Wylie, Clark County/Clark County Transportation Alliance; Mark Brown, city of Vancouver/Clark County Transportation Alliance; Doug MacDonald, Secretary of Transportation; Bill LaBorde, Transportation Choices; Craig Engelking, Sierra Club; Steve Stewart, 1000 Friends of Washington; Sherry Appleton, League of Women Voters; Fred Ropes, Amalgamated Transit Union Legislative Council; Steve Gorcester, Transportation Improvement Board; and Peter Thein, Washington State Transit Association.

(With concerns) Larry Pursley, Washington Trucking Association; Ashley Probart, Association of Washington Cities; Doug Levy, cities of Kent/Federal Way; Rod Kauffman, Big Owners & Managers Association; Troy Harris, Washington Parking Association; Mark Gjurasic, Big Owners & Managers Association/Washington Parking Association; and Greg Hanon, Western States Petroleum Association.