

# HOUSE BILL REPORT

## HB 2700

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**As Reported by House Committee On:**  
Transportation

**Title:** An act relating to local transportation by authorizing the establishment of municipal street utilities to maintain streets and providing local options for funding local transportation.

**Brief Description:** Authorizing local transportation financing alternatives.

**Sponsors:** Representatives Fisher, Mitchell, Simpson, Ogden, Murray, Wood and McIntire.

**Brief History:**

**Committee Activity:**

Transportation: 2/6/02, 3/4/02 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes cities and towns to implement a street utility, assessing a street maintenance charge based upon estimated number of vehicle trips.
- Authorizes cities and towns to implement a local option motor vehicle fee of up to \$50 per vehicle, subject to voter approval.

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### 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; Mitchell, Ranking Minority Member; Haigh, Hatfield, Jackley, Murray, Ogden, Reardon, Rockefeller, Romero, Simpson, Sullivan and Wood.

**Minority Report:** Do not pass. Signed by 10 members: Representatives Anderson, Ericksen, Hankins, Holmquist, Jarrett, Mielke, Morell, Schindler, Skinner and Woods.

**Staff:** Paul Neal (786-7315).

**Background:**

In 1990 the Legislature authorized the formation of street utilities to generate revenues for city street maintenance, operation and preservation. Prior to November 1995, the

following cities had enacted a street utility charge: Grandview, Kent, Mabton, Marcus, Medical Lake, Richland, Seattle, Snoqualmie, Soap Lake, Union Gap, Wenatchee and Wilkeson.

In 1995 the Washington Supreme Court considered the constitutionality of the city street utility charge in *Covell v. City of Seattle*. The court concluded that the street utility charge was not a valid fee, but a tax on property that violated the state constitution's uniformity clause.

Cities and counties currently have authority to impose a \$15 vehicle license fee for transportation purposes. The King, Pierce, Snohomish and Douglas counties have levied the fee. Counties currently have authority to levy a local option gas tax equal to 10 percent of the statewide gas tax.

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### **Summary of Substitute Bill:**

A city or town may own, operate and preserve all or a portion of its streets as a separate enterprise and facility, known as a street utility. The legislative authority of the city or town may include as a part of the street utility street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and any other facilities, equipment or service directly related to public streets. The legislative authority of the city or town is the governing body of the street utility.

A street utility may levy charges upon street users for the use of streets in a total annual amount of up to 50 percent of the actual costs for maintenance, operation and preservation of the facilities under the jurisdiction of the street utility. Cities must spend street utility fees and charges only on uses consistent with the adopted transportation and land use plans of the jurisdiction and consistent with any applicable regional transportation plan for metropolitan planning areas.

Fees must be based on the estimated number of vehicle trips generated by specific types of a street user's property uses. All charges must be uniform for each class of street user. Street user charges must not be calculated based on real property or improvement to property. The city or town must create an administrative appeals process for persons desiring to contest their classification or status as street users.

Counties or cities are authorized to impose a fee of up to \$50 per vehicle for transportation purposes, subject to voter approval.

Previous street utility statutes are repealed.

### **Substitute Bill Compared to Original Bill:**

Local option tax on motor vehicle fuel and tax on gross receipts from retail fuel sales were deleted.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect on July 1, 2002.

**Testimony For:** Provides local governments with needed revenue options to make up for loss of funds from initiatives passed by voters.

**Testimony Against:** The imposition of local taxes will drive purchases out of the locality. Local gas taxes would require inefficient imposition of a whole new tax structure inconsistent with statewide systems.

**Testified:** (In support) Jackie White, Washington Association of Counties; Stan Finkelstein, Association of Washington Cities; Thayer Rorabaugh, city of Vancouver; Mark Foutch, Mayor Pro Tem, city of Olympia; and Doug Levy, city of Kent.

(Concerns) George F. Tyler, disabled vet; Jim Boldt, Washington State Auto Dealers; and Rick Wickman, Identity Clark County.

(Opposed) Greg Hanon, Western States Petroleum Association; and Charlie Brown, Washington Oil Marketers Association.