

FINAL BILL REPORT

ESHB 2969

C 202 L 02

Synopsis as Enacted

Brief Description: Addressing transportation improvement and financing.

Sponsors: By House Committee on Transportation (originally sponsored by Representative Fisher).

House Committee on Transportation
Senate Committee on Transportation

Background:

Transportation funding in Washington is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a 23-cent-per-gallon tax on motor vehicle and special fuel, vehicle licensing fees, and gross weight fees. Transportation funding can be divided into two general categories.

- Motor Vehicle Fund: The 18th Amendment to the Washington State Constitution requires that fuel tax and vehicle licensing fees be deposited in the Motor Vehicle Fund (MVF). Monies in that fund may only be spent for highway purposes. "Highway purposes" include highways and ferries but exclude transit and rail.
- Multimodal Fund: Other transportation funding is not restricted by the 18th Amendment and may be spent for any transportation purposes, including transit and rail.

The Legislature and the Governor formed the Blue Ribbon Commission on Transportation (BRCT) in 1998 to assess the local, regional, and state transportation system; 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.

Among the recommendations of the BRCT were:

- Recommendation 2: "Establish a single point of accountability at the state level, strengthening the role of the state in ensuring accountability of the statewide transportation system."
- Recommendation 17: "Develop a package of new revenues to fund a comprehensive multimodal set of investments, which, taken together with the recommended

efficiency measures and reforms, will ensure a 20-year program of preserving, optimizing and expanding the state's transportation system."

The state annually refunds a portion of motor vehicle fuel tax revenue to the Off-Road Vehicle (ORV) and Nonhighway Vehicle Account and the ORV and Nonhighway Vehicle Activities Program Account. The amount of the refund is 1 percent of the revenue collected from the 18-cents-per-gallon fuel tax in effect on January 1, 1990.

Summary:

The Legislative Transportation Committee is re-designated the Legislative Transportation Accountability Committee (LTAC). The Transportation Accountability Board (TAB) is established. The LTAC and TAB will monitor the efficient expenditure of additional revenues raised by the taxes authorized in the bill.

The Governor is directed to nominate five to nine members to the TAB with specific expertise in major civil engineering and construction works and facilities. The LTAC appoints the members based upon the Governor's nomination.

The TAB and LTAC will be responsible for monitoring the Washington State Department of Transportation's (WSDOT) performance in delivering projects funded by the revenue authorized by this bill. The WSDOT is required to submit quarterly progress reports to the TAB and LTAC after first allowing for review by the Transportation Commission. The board will either accept or reject the report. Upon acceptance, the reports are forwarded to the LTAC and to the Office of Financial Management.

The following transportation-related taxes are proposed, subject to referendum:

- Gas tax: 9-cent-per-gallon increase in the statewide motor vehicle and special fuel tax. The increase is phased in with two annual increases: 5 cents on January 1, 2003, and 4 cents on January 1, 2004.
- Vehicle sales tax: 1 percent increase in the sales tax on new and used vehicles. Revenue from the increase is distributed to the Multimodal Fund.
- Weight fees: 30 percent increase in gross weight fees for trucks over 10,000 pounds. The increase is phased in with two annual increases of 15 percent each on January 1, 2003, and January 1, 2004.
- Bond authorization: \$4.5 billion in bonds supported by gas tax revenues; \$100 million in general obligation bonds which may be used for multimodal projects.

In addition, sales and use tax paid on projects funded through the WSDOT's improvement program are transferred from the general fund to the multimodal

transportation fund beginning in fiscal year 2006.

The refund to the ORV and Nonhighway Vehicle Account and the ORV and Nonhighway Vehicle Activities Program Account is increased such that it is 1 percent of the revenues from the 23-cent-per-gallon fuel tax in effect on July 1, 2001. Distribution of the increased amount is deferred until the statute defining the distribution formula is amended.

A referendum section provides for a public vote on the revenue provisions of the act at the next general election. The referendum clause takes effect immediately.

If the referendum is rejected by the voters, the entire act is null and void.

Votes on Final Passage:

House 54 44
Senate 34 15 (Senate amended)
House (House refused to concur)
Senate (Senate receded)
Senate 30 17 (Senate amended)
House 75 23 (House concurred)

Effective: December 30, 2002 (if approved by the voters at the next general election)
March 27, 2002 (Section 601)
April 1, 2003 (Sections 401-402, if approved by the voters at the next general election)