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## Transportation Committee

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### HB 2969

**Brief Description:** Addressing transportation improvement and financing.

**Sponsors:** Representative Fisher.

#### Brief Summary of Proposed Striking Amendment

- Establishes a transportation accountability board to ensure the efficient use of additional revenue proposed under the bill.
- Proposes phasing in the following taxes over a two-year period:
  - 8-cent-per-gallon increase in fuel tax;
  - 0.8 percent sales tax on retail sale of motor vehicles;
  - 20 percent increase in gross weight fee portion of combined licensing fee.
- Authorizes \$3.5 billion in bonds supported by the fuel tax.
- Sets a special election for June 20, 2002, for a public referendum on the proposed transportation tax increases.

**Hearing Date:** 2/21/02

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

#### **Background:**

Transportation funding in the state of 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 multi-modal 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."

### **Summary of Proposed Striking Amendment:**

The Transportation Accountability Board is established. The board's primary focus is on ensuring the efficient expenditure of additional revenues raised by the taxes authorized in the bill.

The board consists of eight members: one nominated by the business community; one nominated by labor; one representing a statewide transportation advocacy organization; one with professional experience in financial auditing; one with professional experience in the development or delivery of large capital projects; one representing an environmental organization; one person who served on the Blue Ribbon Commission; and the State Auditor. Persons employed by or holding office in the following organizations are excluded from participation: transportation-related agencies; construction firms or trade associations with an interest in transportation projects or programs; or the state Legislature. Staff support for the board is provided by the Joint Legislative Audit and Review Committee.

The board will be responsible for monitoring the Department of Transportation's performance in delivering projects funded by the revenue authorized by this bill. The department is required to submit quarterly progress reports to the board after first allowing for review by the Transportation Commission. The board either accepts or rejects the report. Upon acceptance, the reports are forwarded to the transportation committees of the Legislature and to the Office of Financial Management.

The Attorney General is directed to monitor the price of fuel to determine whether any price increases occurring after the gas tax increases violate the provisions of the Consumer Protection Act. The monitoring is to take place between the effective date of the bill and July 1, 2004. The Attorney General is directed to report back to the Legislature by December 1, 2004.

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

- Gas tax: Eight-cent-per-gallon increase in the statewide motor vehicle and special fuel

tax. The increase is phased in two annual increases of 4 cents each on October 1, 2002, and October 1, 2003. Seven cents per gallon is distributed to the state MVF. Of the remaining 1 cent, 1/3 cent per gallon each is distributed to the Transportation Improvement Account, cities and counties.

- Vehicle sales tax: 0.8 percent increase in the sales tax on new and used vehicles. The increase is phased in with two annual increases of 0.4 percent each on October 1, 2002, and October 1, 2003. Revenue from the increase is distributed to the Multimodal Fund.
- Weight fees: 20 percent increase in gross weight fees for trucks over 10,000 pounds. The increase is phased in with two annual increase of 10 percent each on October 1, 2002, and October 1, 2003. Revenue from the increase is distributed to the Freight Mobility Strategic Investment Account (FMSIA), which is created in the bill. Money in the FMSIA must be spent for improving the freight transportation highway system.
- Bond authorization: \$3.5 billion in bonds supported by gas tax revenues.

The bill includes a referendum section that sets a special election for June 20, 2002, for a public vote on the bill. The referendum will be the only item on the ballot at that election.

**Appropriation:** None.

**Fiscal Note:** Requested on February 21, 2002.

**Effective Date:** Sections 201 and 202 of this act take effect October 1, 2002.