

HOUSE BILL REPORT

HB 1735

As Reported by House Committee On:
Transportation

Title: An act relating to regulation of streets.

Brief Description: Restructuring authorization for street utilities.

Sponsors: Representatives Murray, Jarrett, Gombosky, Romero, Simpson, Kenney and Wood.

Brief History:

Committee Activity:

Transportation: 2/18/03, 3/10/03 [DPS].

Brief Summary of Substitute Bill

- Authorizes cities and towns to regulate streets as a utility.
- Authorizes utility charges to provide funding for maintenance, preservation and operation of street utility.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member; Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Lovick, Morris, Romero and Wood.

Minority Report: Do not pass. Signed by 10 members: Representatives Ericksen, Ranking Minority Member; Anderson, Bailey, Campbell, Kristiansen, Mielke, Nixon, Shabro, Wallace and Woods.

Staff: Jeff Doyle (786-7322).

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 rather a tax on property that violated the state constitution's uniformity clause.

Summary of Substitute Bill:

Cities and towns are authorized to establish street utility service areas for the purpose of regulating, maintaining and preserving city streets. After providing proper notice and conducting public hearings, the legislative authority of a city or town may establish such street utility service areas by ordinance.

Maintenance and preservation of the street utility would be supported through user fees charged to residential and business users located in the service area. User fees must be expressed as a dollar amount per household unit or type of business. In classifying user fee rates, the city or town may consider several factors, including: cost to maintain current level of service for the street utility; estimated number of vehicle trips generated by certain types of properties; location of users; etc.

User fees may not be imposed on vacant parcels. If a party can demonstrate that it neither benefits from a street nor creates a burden on the street, no user fee shall be charged. User fees may not be computed on an ad valorem basis.

Street utility service user fee revenues must be placed in a segregated fund and used only for specified purposes, including street maintenance and repair, preservation, rehabilitation or reconstruction, traffic signals, lighting, signs, snow and ice removal, and other operational activities in support of the transportation system, including administration of the street utility.

Jurisdictions that create a street utility may also use any other lawful means of financing street improvements.

Substitute Bill Compared to Original Bill:

Street utility changes are assessed to non-profits and governmental organizations in addition to businesses. Total fees collected by cities may not exceed 50 percent of the annual street maintenance and operation budgets. Trucks weighing 26,000 pounds or more are exempt from the formula calculating street utility fees.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2003.

Testimony For: Many cities and towns in Washington would utilize this local-option funding source for local street maintenance and preservation.

Testimony Against: There is no specific fee schedule in the legislation, which makes it difficult for businesses to know the cost impact of this proposal.

Testified: (In support) Representative Murray, prime sponsor; Jackie White, Association of Washington Cities; Mark Foutch, City of Olympia; Mayor Jim White, City of Kent; Mike Taylor, Taylor Engineering - Spokane; and Duke Schaub, Associated General Contractors of Washington.

(Opposed) Greg Hanon, Western State Petroleum Association and McDonalds; Tom Dooley, Association of Washington Business; Kim Clauson, Washington Restaurant Association; and Gary Smith, Independent Business Association.