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**Transportation Committee**

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**HB 1557**

**Brief Description:** Collecting voter-approved taxes by a city transportation authority.

**Sponsors:** Representatives McDermott, Ericksen, Simpson, Armstrong, Lovick, Campbell, Sullivan, Dickerson, Cody and Santos.

**Brief Summary of Bill**

- If voters approve dissolution of the monorail authority taxes may remain in place to retire debt .
- Provides a civil penalty for Seattle residents registering their vehicles outside the city in order to avoid taxes.

**Hearing Date:** 2/26/03

**Staff:** Gene Baxstrom (786-7303).

**Background:**

In 1997 voters in the city of Seattle approved a study of an expanded monorail system. In 2000 voters approved an initiative for the Elevated Transportation Company to develop a monorail expansion plan, which included \$6 million in funding. Members of the governing authority for this planning effort were appointed or confirmed by the Seattle City Council. This governing authority is termed the Interim Monorail Board.

The Legislature in 2002 authorized cities over 300,000 in population to create, with voter approval, a city transportation authority to develop and operate a public monorail transportation system. The state authorizing legislation provided that a governing body of the monorail authority be established and required that a majority of the governing body could not consist of officers of any single city government.

The voters of Seattle in November 2002 approved a plan to develop a 14 mile long first phase of a monorail system. The primary funding source for the approved monorail system is a 1.4 percent motor vehicle excise tax imposed on motor vehicles owned by Seattle residents when vehicle are re-licensed. The Department of Licensing does not track the home address of vehicle owners. Concerns have been raised regarding the potential for

residents to register their vehicles elsewhere.

Statutes governing a monorail authority provide that it may be dissolved by a vote of those living within its area if the if the authority is faced with significant financial problems.

It is argued that the uncertainty of tax collections should the authority be dissolved is of concern to potential bond holders. Similarly, the potential for residents to avoid vehicle registration fees by registering their vehicles elsewhere is of concern.

**Summary of Bill:**

An exception is made to the dissolution provisions, allowing an authority to sign an agreement with bond holders that should the voters elect to dissolve the authority will continue to exist solely to collect taxes necessary to repay debt.

It is a violation for a resident of a monorail authority to register a motor vehicle, owned by the resident, outside the area for the purpose of evading the motor vehicle excise tax. The penalty for such violation is a civil penalty equal to three times the amount of the evaded tax. The authority is given power to enforce these provisions.

**Appropriation:** None.

**Fiscal Note:** Requested on February 18, 2003.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.