

SENATE BILL REPORT

SB 5674

As Reported By Senate Committee On:
Highways & Transportation, March 4, 2003

Title: An act relating to regional transit authorities.

Brief Description: Modifying regional transit authority provisions.

Sponsors: Senators Finkbeiner, Prentice, Esser, Haugen and Horn.

Brief History:

Committee Activity: Highways & Transportation: 2/5/03, 3/4/03 [DPS, DNP].

SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5674 be substituted therefor, and the substitute bill do pass.

Signed by Senators Horn, Chair; Benton, Vice Chair; Swecker, Vice Chair; Esser, Finkbeiner, Mulliken, Oke and Prentice.

Minority Report: Do not pass.

Signed by Senators Haugen, Jacobsen; and Spanel.

Staff: Kelly Simpson (786-7403)

Background: The King, Pierce and Snohomish County Councils voted in 1993 to establish the Central Puget Sound Regional Transit Authority (now known as Sound Transit). Sound Transit is vested with high capacity transportation system development authority in the three county area, including the imposition of voter-approved taxes for development and operation of such transportation systems.

In 1996, voters in the urban areas of King, Pierce, and Snohomish counties approved a plan and authorized funding to provide high capacity transportation services for the Central Puget Sound Region.

Included in Sound Transit's 10-year system plan is an equity principal. Under the plan, revenues generated in a subarea must generally be expended in that same subarea. The plan designates the following five subareas: (1) Snohomish County; (2) North King County/Seattle; (3) East King County; (4) South King County; and (5) Pierce County.

Summary of Substitute Bill: Subarea provisions are specified in law.

Tax Revenue Expenditures: A regional transit authority must adopt policies requiring the authority to allocate the expenditure of tax revenues to each subarea in proportion to the revenue generated in the respective subarea. The allocation must be used to finance costs

incurred for projects within the respective subarea. An authority must also adopt policies for determining pro rata share of costs for projects that overlap subarea boundaries.

Bond Authority: Prior to the issuance of general obligation bonds, a regional transit authority must ensure that the subareas in which the proceeds will be spent have sufficient revenue to make the principal and interest payments on the bonds. An authority must conduct a public hearing at least 30 days prior to authorizing the issuance of general obligation bonds, during which time objections may be raised. Principal and interest payments on the bonds must be paid first from the subarea revenues in proportion to the share of bond proceeds received by the subareas.

Substitute Bill Compared to Original Bill: Drafting errors were corrected. "Subarea" was defined. Provisions were removed regarding revenue bonds and local improvement district special assessment bonds. A time period, during which objections may be made to the issuance of general obligation bonds, was added. A payment priority provision was added concerning bond payments. The effective date was changed from July 1, 2003, to upon a signature of the Governor, and a retroactivity clause was added.

Appropriation: None.

Fiscal Note: Requested on February 5, 2003.

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

Testimony For: Sound Transit has failed to honor the intention of the voters who in 1996 approved the original regional transit system plan. The agency has mismanaged funds, significantly altered the original transit plan as understood by the voters, and has failed to provide alternatives to the current light rail system that has seen cost overruns and a cutback in the length of its original route. Additionally, the current governance board is not directly accountable to Sound Transit voters.

Testimony Against: Sound Transit is operating in a financially sound and efficient manner. The agency continues to receive local voter support at the ballot. Although the agency had some management problems in the past, it has successfully addressed those issues. For example, the agency underwent six performance audits, its subarea equity provisions have never been violated, the project control system has been updated, a citizen oversight panel was created, the federal government continues to provide financial support to the agency, the Federal Transit Administration recently gave Sound Transit a favorable rating, its contractors are all from the private sector, and the agency's work has resulted in adding millions of dollars into the local economy. Legislation should not be enacted to impede Sound Transit's continued success.

Testified: Rob McKenna, King County Council (pro); Dick Paylor, Tom Olsen, City of Bothell (pro); Rowan Hinds, Eastside Transportation Association (pro); Bruce Nurse, Kemper Dev. Co. (Pro); Maggi Fimia, Michael Godfried, Rich Harknes, Charles Horner, CETA & Puget Sd. Regional Monorail (pro); Pat Matteson, League of Women Voters (con); Joni Eurl, Sound Transit (con).