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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5585

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State of Washington

58th Legislature

2004 Regular Session

By Senate Committee on Highways & Transportation (originally sponsored by Senators Swecker, Jacobsen, Oke, Spanel, Prentice, Haugen, Rasmussen, Parlette, Mulliken, Zarelli, Hale, Finkbeiner, Deccio and Horn)

READ FIRST TIME 01/23/04.

1 AN ACT Relating to transportation benefit districts; amending RCW  
2 36.73.020, 36.73.040, 36.73.050, 36.73.060, 36.73.070, 36.73.080,  
3 36.73.100, 36.73.110, 36.73.120, 36.73.130, 36.73.140, 36.73.150,  
4 82.14.060, 35.21.225, 47.56.075, and 82.80.030; reenacting and amending  
5 RCW 82.14.050; adding new sections to chapter 36.73 RCW; adding a new  
6 section to chapter 82.14 RCW; adding new sections to chapter 82.80 RCW;  
7 adding a new section to chapter 47.56 RCW; and providing an effective  
8 date.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.73 RCW  
11 to read as follows:

12 The definitions in this section apply throughout this chapter  
13 unless the context clearly requires otherwise.

14 (1) "District" means a transportation benefit district created  
15 under this chapter.

16 (2) "City" means a city or town.

17 (3) "Transportation improvement" means:

18 (a) A capital improvement or improvements relating to, or in

1 support of, all or a portion of a highway that has been designated, in  
2 whole or in part, as a highway of statewide significance, and may  
3 include the following associated capital improvements:

4 (i) Approaches to highways of statewide significance;

5 (ii) High-occupancy vehicle lanes;

6 (iii) Flyover ramps;

7 (iv) Park and ride lots;

8 (v) Bus pullouts;

9 (vi) Vans for vanpools;

10 (vii) Buses; and

11 (viii) Signalization, ramp metering, and other transportation  
12 system management improvements.

13 (b) A capital improvement or improvements to all or a portion of a  
14 city street, county road, existing highway, or the creation of a new  
15 highway that intersects with a highway of statewide significance, but  
16 only if the cumulative transportation benefit district contribution to  
17 all projects constructed under this subsection (3)(b) does not exceed  
18 twenty percent of the revenues generated by the district, or forty  
19 percent of the revenues generated by the district for projects in a  
20 rural county. For purposes of this subsection (3)(b), "rural county"  
21 means a county smaller than two hundred twenty-five square miles or as  
22 defined in RCW 43.168.020.

23 (4) Operations, preservation, and maintenance are excluded from the  
24 definition of transportation improvements under subsection (3) of this  
25 section, except for operation, preservation, and maintenance costs of  
26 tolled facilities, including the costs of collecting the tolls, if toll  
27 revenues have been pledged for the payment of contracts.

28 (5) "Highway of statewide significance" means an existing or  
29 proposed state route or federal interstate designated as a highway of  
30 statewide significance by the transportation commission, its successor  
31 entity, or the legislature.

32 **Sec. 2.** RCW 36.73.020 and 1989 c 53 s 1 are each amended to read  
33 as follows:

34 (1) Subject to subsection (6) of this section, the legislative  
35 authority of a county or city may establish ((one or more)) a  
36 transportation benefit district((s)) within the county or city area or  
37 within the area specified in subsection (2) of this section, for the

1 purpose of acquiring, constructing, improving, providing, and funding  
2 (~~any city street, county road, or state highway~~) a transportation  
3 improvement within the district that is (~~(1)~~) consistent with any  
4 existing state, regional, and local transportation plans(~~(, (2))~~) and  
5 necessitated by existing or reasonably foreseeable congestion levels  
6 (~~attributable to economic growth, and (3) partially funded by local~~  
7 ~~government or private developer contributions, or a combination of such~~  
8 ~~contributions~~). ((Such)) The transportation improvements shall be  
9 owned by the county of jurisdiction if located in an unincorporated  
10 area, by the city of jurisdiction if located in an incorporated area,  
11 or by the state in cases where the transportation improvement is or  
12 becomes a state highway(~~(; and all such)~~). However, if deemed  
13 appropriate by the governing body of the transportation benefit  
14 district, a transportation improvement may be owned by a participating  
15 port district or transit district, unless otherwise prohibited by law.  
16 Transportation improvements shall be administered and maintained as  
17 other public streets, roads, ((and)) highways, and capital  
18 improvements. (~~The district may not include any area within the~~  
19 ~~corporate limits of a city unless the city legislative authority has~~  
20 ~~agreed to the inclusion pursuant to chapter 39.34 RCW. The agreement~~  
21 ~~shall specify the area and such powers as may be granted to the benefit~~  
22 ~~district.~~)

23 (2) Subject to subsection (6) of this section, the district may  
24 include area within more than one county, city, port district, county  
25 transportation authority, or public transportation benefit area, if the  
26 legislative authority of each participating jurisdiction has agreed to  
27 the inclusion as provided in an interlocal agreement adopted pursuant  
28 to chapter 39.34 RCW. However, the boundaries of the district shall  
29 include all territory within the boundaries of the participating  
30 jurisdictions comprising the district.

31 (3) The members of the ((county)) legislative authority proposing  
32 to establish the district, acting ex officio and independently, shall  
33 ((compose)) constitute the governing body of the district: PROVIDED,  
34 That where a ((transportation benefit)) district includes ((any portion  
35 of an incorporated city, town, or another county, the district may be  
36 governed as provided in an interlocal agreement adopted pursuant to  
37 chapter 39.34 RCW)) area within more than one jurisdiction under  
38 subsection (2) of this section, the district shall be governed under an

1 interlocal agreement adopted pursuant to chapter 39.34 RCW. However,  
2 the governing body shall be composed of at least five members including  
3 at least one elected official from the legislative authority of each  
4 participating jurisdiction.

5 (4) The ((county)) treasurer of the jurisdiction proposing to  
6 establish the district shall act as the ex officio treasurer of the  
7 district, unless an interlocal agreement states otherwise.

8 (5) The electors of the district shall all be registered voters  
9 residing within the district. ((For purposes of this section, the term  
10 "city" means both cities and towns.))

11 (6) The authority under this section, regarding the establishment  
12 of or the participation in a district, shall not apply to:

13 (a) Counties with a population greater than one million five  
14 hundred thousand persons and any adjoining counties with a population  
15 greater than five hundred thousand persons;

16 (b) Cities with any area within the counties under (a) of this  
17 subsection; and

18 (c) Other jurisdictions with any area within the counties under (a)  
19 of this subsection.

20 **Sec. 3.** RCW 36.73.040 and 1989 c 53 s 3 are each amended to read  
21 as follows:

22 (1) A transportation benefit district is a quasi-municipal  
23 corporation, an independent taxing "authority" within the meaning of  
24 Article VII, section 1 of the state Constitution, and a "taxing  
25 district" within the meaning of Article VII, section 2 of the state  
26 Constitution.

27 (2) A transportation benefit district constitutes a body corporate  
28 and possesses all the usual powers of a corporation for public purposes  
29 as well as all other powers that may now or hereafter be specifically  
30 conferred by statute, including, but not limited to, the authority to  
31 hire employees, staff, and services, to enter into contracts, to  
32 acquire, hold, and dispose of real and personal property, and to sue  
33 and be sued. Public works contract limits applicable to the  
34 jurisdiction that established the district ((shall)) apply to the  
35 district.

36 (3) To carry out the purposes of this chapter, and subject to the

1 provisions of section 18 of this act, a district is authorized to  
2 impose the following taxes, fees, charges, and tolls:

3 (a) A sales and use tax in accordance with section 14 of this act;

4 (b) A local option fuel tax in accordance with section 15 of this  
5 act;

6 (c) A vehicle fee in accordance with section 16 of this act;

7 (d) An employer excise tax in accordance with section 17 of this  
8 act;

9 (e) A fee or charge in accordance with RCW 36.73.120. However, if  
10 a county or city within the district area is levying a fee or charge  
11 for a transportation improvement, the fee or charge shall be credited  
12 against the amount of the fee or charge imposed by the district.  
13 Developments consisting of less than twenty residences are exempt from  
14 the fee or charge under RCW 36.73.120; and

15 (f)(i) Vehicle tolls on state routes or federal highways, city  
16 streets, or county roads, within the boundaries of the district, unless  
17 otherwise prohibited by law. The department of transportation shall  
18 administer the collection of vehicle tolls on state routes or federal  
19 highways, unless otherwise specified in law or by contract, and the  
20 state transportation commission, or its successor, shall set and impose  
21 the tolls in amounts sufficient to implement the district's  
22 transportation improvement finance plan. The district shall administer  
23 the collection of vehicle tolls on city streets or county roads, and  
24 shall set and impose the tolls in amounts sufficient to implement the  
25 district's transportation improvement plan.

26 (ii) Tolls may only be imposed under this section on a new  
27 transportation improvement made by the district, and revenue from the  
28 tolls may only be used to support that transportation improvement.

29 **Sec. 4.** RCW 36.73.050 and 1987 c 327 s 5 are each amended to read  
30 as follows:

31 (1) ~~((A city or county))~~ The legislative ~~((authority))~~ authorities  
32 proposing to establish a ~~((transportation benefit))~~ district, or to  
33 modify the boundaries of an existing district, or to dissolve an  
34 existing district~~((\_))~~ shall conduct a hearing at the time and place  
35 specified in a notice published at least once, not less than ten days  
36 before the hearing, in a newspaper of general circulation within the  
37 proposed district. Subject to the provisions of section 20 of this

1 act, the legislative ((authority)) authorities shall make provision for  
2 a district to be automatically dissolved when all indebtedness of the  
3 district has been retired and anticipated responsibilities have been  
4 satisfied. This notice shall be in addition to any other notice  
5 required by law to be published. The notice shall, where applicable,  
6 specify the functions or activities proposed to be provided or funded,  
7 or the additional functions or activities proposed to be provided or  
8 funded, by the district. Additional notice of the hearing may be given  
9 by mail, by posting within the proposed district, or in any manner the  
10 ~~((city or county)) legislative ((authority deems)) authorities deem~~  
11 necessary to notify affected persons. All hearings shall be public and  
12 the ~~((city or county)) legislative ((authority)) authorities~~ shall hear  
13 objections from any person affected by the formation, modification of  
14 the boundaries, or dissolution of the district.

15 (2) Following the hearing held pursuant to subsection (1) of this  
16 section, the ~~((city or county)) legislative ((authority)) authorities~~  
17 may establish a ~~((transportation benefit))~~ district, modify the  
18 boundaries or functions of an existing district, or dissolve an  
19 existing district, if the ~~((city or county)) legislative ((authority~~  
20 ~~finds)) authorities find~~ the action to be in the public interest and  
21 ~~((adopts)) adopt~~ an ordinance providing for the action. The ordinance  
22 establishing a district shall specify the functions or activities to be  
23 exercised or funded and establish the boundaries of the district. ~~((A~~  
24 ~~district shall include only those areas which can reasonably be~~  
25 ~~expected to benefit from improvements to be funded by the district.))~~  
26 Subject to the provisions of section 19 of this act, functions or  
27 activities proposed to be provided or funded by the district may not be  
28 expanded beyond those specified in the notice of hearing, unless  
29 additional notices are made, further hearings on the expansion are  
30 held, and further determinations are made that it is in the public  
31 interest to so expand the functions or activities proposed to be  
32 provided or funded.

33 ~~((3) At any time before the city or county legislative authority~~  
34 ~~establishes a transportation benefit district pursuant to this section,~~  
35 ~~all further proceedings shall be terminated upon the filing of a~~  
36 ~~verified declaration of termination signed by the owners of real~~  
37 ~~property consisting of at least sixty percent of the assessed valuation~~  
38 ~~in the proposed district.))~~

1       **Sec. 5.** RCW 36.73.060 and 1987 c 327 s 6 are each amended to read  
2 as follows:

3       (1) A (~~transportation benefit~~) district may levy an ad valorem  
4 property tax in excess of the one percent limitation upon the property  
5 within the district for a one-year period whenever authorized by the  
6 voters of the district pursuant to RCW 84.52.052 and Article VII,  
7 section 2(a) of the state Constitution.

8       (2) A district may provide for the retirement of voter-approved  
9 general obligation bonds, issued for capital purposes only, by levying  
10 bond retirement ad valorem property tax levies in excess of the one  
11 percent limitation whenever authorized by the voters of the district  
12 pursuant to Article VII, section 2(b) of the state Constitution and RCW  
13 84.52.056.

14       **Sec. 6.** RCW 36.73.070 and 1987 c 327 s 7 are each amended to read  
15 as follows:

16       (1) To carry out the purposes of this chapter and notwithstanding  
17 RCW 39.36.020(1), a (~~transportation benefit~~) district may issue  
18 general obligation bonds, not to exceed an amount, together with any  
19 other outstanding nonvoter-approved general obligation indebtedness,  
20 equal to (~~three-eighths of~~) one and one-half percent of the value of  
21 taxable property within the district, as the term "value of taxable  
22 property" is defined in RCW 39.36.015. A district may additionally  
23 issue general obligation bonds for capital purposes only, together with  
24 any outstanding general obligation indebtedness, not to exceed an  
25 amount equal to (~~one and one-fourth~~) five percent of the value of the  
26 taxable property within the district, as the term "value of taxable  
27 property" is defined in RCW 39.36.015, when authorized by the voters of  
28 the district pursuant to Article VIII, section 6 of the state  
29 Constitution, and (~~to~~) may also provide for the retirement thereof by  
30 excess property tax levies as provided in RCW 36.73.060(2). The  
31 district may, if applicable, submit a single proposition to the voters  
32 that, if approved, authorizes both the issuance of the bonds and the  
33 bond retirement property tax levies.

34       (2) General obligation bonds with a maturity in excess of forty  
35 years shall not be issued. The governing body of the (~~transportation~~  
36 ~~benefit~~) district shall by resolution determine for each general  
37 obligation bond issue the amount, date, terms, conditions,

1 denominations, maximum fixed or variable interest rate or rates,  
2 maturity or maturities, redemption rights, registration privileges,  
3 manner of execution, manner of sale, callable provisions, if any,  
4 covenants, and form, including registration as to principal and  
5 interest, registration as to principal only, or bearer. Registration  
6 may include, but not be limited to: (a) A book entry system of  
7 recording the ownership of a bond whether or not physical bonds are  
8 issued; or (b) recording the ownership of a bond together with the  
9 requirement that the transfer of ownership may only be effected by the  
10 surrender of the old bond and either the reissuance of the old bond or  
11 the issuance of a new bond to the new owner. Facsimile signatures may  
12 be used on the bonds and any coupons. Refunding general obligation  
13 bonds may be issued in the same manner as general obligation bonds are  
14 issued.

15 (3) Whenever general obligation bonds are issued to fund specific  
16 projects or enterprises that generate revenues, charges, user fees, or  
17 special assessments, the (~~transportation benefit~~) district (~~which~~  
18 ~~issues the bonds~~) may specifically pledge all or a portion of the  
19 revenues, charges, user fees, or special assessments to refund the  
20 general obligation bonds. The district may also pledge any other  
21 revenues that may be available to the district.

22 (4) In addition to general obligation bonds, a district may issue  
23 revenue bonds to be issued and sold in accordance with chapter 39.46  
24 RCW.

25 **Sec. 7.** RCW 36.73.080 and 1987 c 327 s 8 are each amended to read  
26 as follows:

27 (1) A (~~transportation benefit~~) district may form a local  
28 improvement district to provide any transportation improvement it has  
29 the authority to provide, impose special assessments on all property  
30 specially benefited by the transportation improvements, and issue  
31 special assessment bonds or revenue bonds to fund the costs of the  
32 transportation improvement. Local improvement districts shall be  
33 created and administered, and assessments shall be made and collected,  
34 in the manner and to the extent provided by law to cities and towns  
35 pursuant to chapters 35.43, 35.44, 35.49, 35.50, 35.51, 35.53, and  
36 35.54 RCW. However, the duties devolving upon the city or town  
37 treasurer under these chapters shall be imposed upon the district



1 treasurer for the purposes of this section. A local improvement  
2 district may only be formed under this section pursuant to the petition  
3 method under RCW 35.43.120 and 35.43.125.

4 (2) The governing body of a (~~transportation benefit~~) district  
5 shall by resolution establish for each special assessment bond issue  
6 the amount, date, terms, conditions, denominations, maximum fixed or  
7 variable interest rate or rates, maturity or maturities, redemption  
8 rights, registration privileges, if any, covenants, and form, including  
9 registration as to principal and interest, registration as to principal  
10 only, or bearer. Registration may include, but not be limited to: (a)  
11 A book entry system of recording the ownership of a bond whether or not  
12 physical bonds are issued; or (b) recording the ownership of a bond  
13 together with the requirement that the transfer of ownership may only  
14 be effected by the surrender of the old bond and either the reissuance  
15 of the old bond or the issuance of a new bond to the new owner.  
16 Facsimile signatures may be used on the bonds and any coupons. The  
17 maximum term of any special assessment bonds shall not exceed thirty  
18 years beyond the date of issue. Special assessment bonds issued  
19 pursuant to this section shall not be an indebtedness of the  
20 (~~transportation benefit~~) district issuing the bonds, and the interest  
21 and principal on the bonds shall only be payable from special  
22 assessments made for the improvement for which the bonds were issued  
23 and any local improvement guaranty fund that the (~~transportation~~  
24 ~~benefit~~) district has created. The owner or bearer of a special  
25 assessment bond or any interest coupon issued pursuant to this section  
26 shall not have any claim against the (~~transportation benefit~~)  
27 district arising from the bond or coupon except for the payment from  
28 special assessments made for the improvement for which the bonds were  
29 issued and any local improvement guaranty fund the (~~transportation~~  
30 ~~benefit~~) district has created. The district issuing the special  
31 assessment bonds is not liable to the owner or bearer of any special  
32 assessment bond or any interest coupon issued pursuant to this section  
33 for any loss occurring in the lawful operation of its local improvement  
34 guaranty fund. The substance of the limitations included in this  
35 subsection (2) shall be plainly printed, written, or engraved on each  
36 special assessment bond issued pursuant to this section.

37 (3) Assessments shall reflect any credits given by a

1 ((~~transportation benefit~~)) district for real property or property right  
2 donations made pursuant to RCW 47.14.030.

3 (4) The governing body may establish, administer, and pay  
4 ((~~moneys~~)) money into a local improvement guaranty fund, in the manner  
5 and to the extent provided by law to cities and towns under chapter  
6 35.54 RCW, to guarantee special assessment bonds issued by the  
7 ((~~transportation benefit~~)) district.

8 **Sec. 8.** RCW 36.73.100 and 1987 c 327 s 10 are each amended to read  
9 as follows:

10 (1) The proceeds of any bond issued pursuant to RCW 36.73.070 or  
11 36.73.080 may be used to pay costs incurred on ((~~such~~)) a bond issue  
12 related to the sale and issuance of the bonds. ((~~Such~~)) These costs  
13 include payments for fiscal and legal expenses, obtaining bond ratings,  
14 printing, engraving, advertising, and other similar activities.

15 (2) In addition, proceeds of bonds used to fund capital projects  
16 may be used to pay the necessary and related engineering,  
17 architectural, planning, and inspection costs.

18 **Sec. 9.** RCW 36.73.110 and 1987 c 327 s 11 are each amended to read  
19 as follows:

20 A ((~~transportation benefit~~)) district may accept and expend or use  
21 gifts, grants, and donations.

22 **Sec. 10.** RCW 36.73.120 and 1988 c 179 s 7 are each amended to read  
23 as follows:

24 (1) ((~~A transportation benefit~~)) Subject to the provisions in  
25 section 18 of this act, a district may impose a fee or charge on the  
26 construction or reconstruction of residential buildings, commercial  
27 buildings, industrial buildings, or on any other building or building  
28 space or appurtenance ((~~thereto~~)), or on the development, subdivision,  
29 classification, or reclassification of land, only if done in accordance  
30 with chapter 39.92 RCW.

31 (2) Any fee or charge imposed under this section shall be used  
32 exclusively for transportation improvements constructed by a  
33 ((~~transportation benefit~~)) district. The fees or charges ((~~so~~))  
34 imposed must be reasonably necessary as a result of the impact of

1 development, construction, or classification or reclassification of  
2 land on identified transportation needs.

3 ~~(3) ((When fees or charges are imposed by a district within which~~  
4 ~~there is more than one city or both incorporated and unincorporated~~  
5 ~~areas, the legislative authority for each city in the district and the~~  
6 ~~county legislative authority for the unincorporated area must approve~~  
7 ~~the imposition of such fees or charges before they take effect.))~~ If a  
8 county or city within the district area is levying a fee or charge for  
9 a transportation improvement, the fee or charge shall be credited  
10 against the amount of the fee or charge imposed by the district.

11 (4) Developments consisting of less than twenty residences are  
12 exempt from the fee or charge under this section.

13 **Sec. 11.** RCW 36.73.130 and 1987 c 327 s 13 are each amended to  
14 read as follows:

15 A ~~((transportation benefit))~~ district may exercise the power of  
16 eminent domain to obtain property for its authorized purposes in the  
17 same manner as authorized for the city or county legislative authority  
18 that established the district.

19 **Sec. 12.** RCW 36.73.140 and 1987 c 327 s 14 are each amended to  
20 read as follows:

21 A ~~((transportation benefit))~~ district has the same powers as a  
22 county or city to contract for street, road, or state highway  
23 improvement projects and to enter into reimbursement contracts provided  
24 for in chapter 35.72 RCW.

25 **Sec. 13.** RCW 36.73.150 and 1987 c 327 s 15 are each amended to  
26 read as follows:

27 The department of transportation, counties, ~~((and))~~ cities, and  
28 other jurisdictions may give funds to ~~((transportation benefit))~~  
29 districts for the purposes of financing ~~((street, road, or highway))~~  
30 transportation improvements ((projects)) under this chapter.

31 NEW SECTION. **Sec. 14.** A new section is added to chapter 82.14 RCW  
32 to read as follows:

33 (1) Subject to the provisions in section 18 of this act, a  
34 transportation benefit district under chapter 36.73 RCW may fix and

1 impose a sales and use tax in accordance with the terms of this  
2 chapter. The tax authorized in this section is in addition to any  
3 other taxes authorized by law and shall be collected from those persons  
4 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
5 the occurrence of any taxable event within the boundaries of the  
6 district. The rate of tax shall not exceed five-tenths of one percent  
7 of the selling price in the case of a sales tax, or value of the  
8 article used, in the case of a use tax.

9 (2) Money received from the tax imposed under this section must be  
10 spent in accordance with the requirements of chapter 36.73 RCW.

11 NEW SECTION. **Sec. 15.** A new section is added to chapter 82.80 RCW  
12 to read as follows:

13 (1) For purposes of this section:

14 (a) "Distributor" means every person who imports, refines,  
15 manufactures, produces, or compounds motor vehicle fuel and special  
16 fuel as defined in RCW 82.36.010 and 82.38.020, respectively, and sells  
17 or distributes the fuel into a county;

18 (b) "Person" has the same meaning as in RCW 82.04.030; and

19 (c) "District" means a transportation benefit district under  
20 chapter 36.73 RCW.

21 (2) A transportation benefit district under chapter 36.73 RCW,  
22 subject to the conditions of this section and the provisions of section  
23 18 of this act, may levy additional excise taxes equal to ten percent  
24 of the statewide motor vehicle fuel tax rate under RCW 82.36.025 on  
25 each gallon of motor vehicle fuel as defined in RCW 82.36.010 and on  
26 each gallon of special fuel as defined in RCW 82.38.020 sold within the  
27 boundaries of the district. Vehicles paying an annual license fee  
28 under RCW 82.38.075 are exempt from the district's fuel excise tax.  
29 The additional excise taxes are subject to the same exceptions and  
30 rights of refund as applicable to other motor vehicle fuel and special  
31 fuel excise taxes levied under chapters 82.36 and 82.38 RCW. The tax  
32 imposed under this section may not be levied less than one month from  
33 the date the election results under section 18 of this act are  
34 certified. The commencement date for the levy of any tax under this  
35 section will be the first day of January, April, July, or October.

36 (3) The local option motor vehicle fuel tax under this section on

1 each gallon of motor vehicle fuel and on each gallon of special fuel is  
2 imposed upon the distributor of the fuel.

3 (4) A taxable event for the purposes of this section occurs upon  
4 the first distribution of the fuel within the boundaries of the  
5 district to a retail outlet, bulk fuel user, or ultimate user of the  
6 fuel.

7 (5) All administrative provisions in chapters 82.01, 82.03, and  
8 82.32 RCW, insofar as they are applicable, apply to local option fuel  
9 taxes imposed under this section.

10 (6) Before the effective date of the imposition of the fuel taxes  
11 under this section, a district shall contract with the department of  
12 revenue for the administration and collection of the taxes. The  
13 contract must provide that a percentage amount, not to exceed one  
14 percent of the taxes imposed under this section, will be deposited into  
15 the local tax administration account created in the custody of the  
16 state treasurer. The department of revenue may spend money from this  
17 account, upon appropriation, for the administration of the local taxes  
18 imposed under this section.

19 (7) The state treasurer shall distribute the proceeds of the  
20 additional taxes under this section on a monthly basis to the district  
21 levying the tax, after the deductions for payments and expenditures as  
22 provided in RCW 46.68.090(1) (a) and (b).

23 (8) The proceeds of the additional taxes levied by a district under  
24 this section must be used in accordance with chapter 36.73 RCW, but  
25 only for those areas that are considered "highway purposes" as that  
26 term is construed in Article II, section 40 of the state Constitution.

27 (9) A district may only levy the tax under this section if the  
28 district is comprised of boundaries identical to the boundaries of a  
29 county or counties. A district may not levy the tax under this section  
30 if a member county is levying the tax under RCW 82.80.010.

31 NEW SECTION. **Sec. 16.** A new section is added to chapter 82.80 RCW  
32 to read as follows:

33 (1) Subject to the provisions of section 18 of this act, a  
34 transportation benefit district under chapter 36.73 RCW may fix and  
35 impose an annual vehicle fee, not to exceed one hundred dollars per  
36 vehicle registered in the district, for each vehicle subject to license

1 tab fees under RCW 46.16.0621 and for each vehicle subject to gross  
2 weight fees under RCW 46.16.070 with an unladen weight of six thousand  
3 pounds or less.

4 (2) The department of licensing shall administer and collect the  
5 fee. The department shall deduct a percentage amount, as provided by  
6 contract, not to exceed one percent of the fees collected, for  
7 administration and collection expenses incurred by it. The department  
8 shall remit remaining proceeds to the custody of the state treasurer.  
9 The state treasurer shall distribute the proceeds to the district on a  
10 monthly basis.

11 (3) No fee under this section may be collected until six months  
12 after approval by the district voters under section 18 of this act.

13 (4) The vehicle fee under this section applies only when renewing  
14 a vehicle registration, and is effective upon the registration renewal  
15 date as provided by the department of licensing.

16 (5) The following vehicles are exempt from the fee under this  
17 section:

18 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and  
19 46.04.181;

20 (b) Off-road and nonhighway vehicles as defined in RCW 46.09.020;

21 (c) Vehicles registered under chapter 46.87 RCW and the  
22 international registration plan; and

23 (d) Snowmobiles as defined in RCW 46.10.010.

24 NEW SECTION. **Sec. 17.** A new section is added to chapter 82.80 RCW  
25 to read as follows:

26 (1)(a) Subject to the provisions of section 18 of this act, a  
27 transportation benefit district under chapter 36.73 RCW may impose an  
28 excise tax, for the privilege of engaging in business, of up to two  
29 dollars per employee per month on all employers or any class or classes  
30 of employers, public and private, including the state located in the  
31 agency's jurisdiction, measured by the number of full-time equivalent  
32 employees. In no event may the total taxes imposed under this section  
33 exceed two dollars per employee per month for any single employer. The  
34 district imposing the tax authorized in this section may provide for  
35 exemptions from the tax for such educational, cultural, health,  
36 charitable, or religious organizations as it deems appropriate.

1 (b) Transportation benefit districts may contract with the state  
2 department of revenue or other appropriate entities for administration  
3 and collection of the tax. Such contract shall provide for deduction  
4 of an amount for administration and collection expenses, not to exceed  
5 one percent of the fees collected.

6 (2) The tax shall not apply to employment of a person when the  
7 employer has paid for at least half of the cost of a transit pass  
8 issued by a transit agency for that employee, valid for the period for  
9 which the tax would otherwise be owed.

10 (3)(a) A transportation benefit district shall adopt rules that  
11 exempt an employer, who enters into an agreement under (b) of this  
12 subsection, from all or a portion of the tax under subsection (1)(a) of  
13 this section.

14 (b) A transportation benefit district may enter into an agreement,  
15 designed to reduce the number of employees who drive in single-occupant  
16 vehicles during peak commuting periods, with employers subject to the  
17 tax under subsection (1)(a) of this section. The agreement shall  
18 include a list of specific actions that the employer will undertake to  
19 be entitled to the exemption. Employers having an exemption from all  
20 or part of the tax through this subsection shall annually certify to  
21 the district that the employer is fulfilling the terms of the  
22 agreement. The exemption continues as long as the employer is in  
23 compliance with the agreement.

24 (4) The tax under this section may be imposed only to the extent  
25 the tax has not been imposed by a county within the district area.

26 NEW SECTION. **Sec. 18.** A new section is added to chapter 36.73 RCW  
27 to read as follows:

28 (1) Taxes, fees, charges, and tolls may not be imposed by a  
29 district without approval of a majority of the voters in the district  
30 voting on a proposition at a general or special election. The  
31 proposition must include a specific description of the transportation  
32 improvement or improvements proposed by the district and the proposed  
33 taxes, fees, charges, and tolls imposed by the district to raise  
34 revenue to fund the improvement or improvements.

35 (2) Voter approval under this section shall be accorded substantial  
36 weight regarding the validity of a transportation improvement as  
37 defined in section 1 of this act.

1 (3) A district may not increase any taxes, fees, charges, or tolls  
2 imposed under this chapter once the taxes, fees, charges, or tolls take  
3 effect, unless authorized by the district voters pursuant to section 19  
4 of this act.

5 NEW SECTION. **Sec. 19.** A new section is added to chapter 36.73 RCW  
6 to read as follows:

7 (1) If a transportation improvement cost exceeds its original cost  
8 by more than twenty percent as identified in a district's original  
9 finance plan, the district governing body shall submit to the voters in  
10 the district a ballot measure that redefines the scope of the  
11 transportation improvement, its schedule, its costs or changes in the  
12 revenue sources. If a majority of the voters of the district fail to  
13 approve the redefined transportation improvement, the district shall,  
14 to the extent practicable, continue to work on and complete the  
15 transportation improvement that was originally approved by the voters,  
16 and take reasonable steps to use, preserve, or connect any improvement  
17 already constructed. If a majority of the district voters approve the  
18 redefined transportation improvement, the district shall work on and  
19 complete the projects under the redefined plan.

20 (2) A district shall issue an annual report, indicating the status  
21 of transportation improvement costs, transportation improvement  
22 expenditures, revenues, and construction schedules, to the public and  
23 to newspapers of record in the district.

24 NEW SECTION. **Sec. 20.** A new section is added to chapter 36.73 RCW  
25 to read as follows:

26 Within thirty days of the completion of the construction of the  
27 transportation improvement or series of improvements authorized by a  
28 district, the district shall terminate day-to-day operations and exist  
29 solely as a limited entity that oversees the collection of revenue and  
30 the payment of debt service or financing still in effect, if any. The  
31 district shall accordingly adjust downward its employees,  
32 administration, and overhead expenses. Any taxes, fees, charges, or  
33 tolls imposed by the district terminate when the financing or debt  
34 service on the transportation improvement or series of improvements  
35 constructed is completed and paid, thirty days from which point the  
36 district shall dissolve itself and cease to exist. If there is no debt



1 outstanding, then the district shall dissolve within thirty days from  
2 completion of construction of the transportation improvement or series  
3 of improvements authorized by the district. Notice of dissolution must  
4 be published in newspapers of general circulation within the district  
5 at least three times in a period of thirty days. Creditors must file  
6 claims for payment of claims due within thirty days of the last  
7 published notice or the claim is extinguished.

8 **Sec. 21.** RCW 82.14.050 and 2003 c 168 s 201 and 2003 c 83 s 208  
9 are each reenacted and amended to read as follows:

10 The counties, cities, and transportation authorities under RCW  
11 82.14.045, public facilities districts under chapters 36.100 and 35.57  
12 RCW, public transportation benefit areas under RCW 82.14.440, ~~((and))~~  
13 regional transportation investment districts, and transportation  
14 benefit districts under chapter 36.73 RCW shall contract, prior to the  
15 effective date of a resolution or ordinance imposing a sales and use  
16 tax, the administration and collection to the state department of  
17 revenue, which shall deduct a percentage amount, as provided by  
18 contract, not to exceed two percent of the taxes collected for  
19 administration and collection expenses incurred by the department. The  
20 remainder of any portion of any tax authorized by this chapter that is  
21 collected by the department of revenue shall be deposited by the state  
22 department of revenue in the local sales and use tax account hereby  
23 created in the state treasury. Moneys in the local sales and use tax  
24 account may be spent only for distribution to counties, cities,  
25 transportation authorities, public facilities districts, public  
26 transportation benefit areas, ~~((and))~~ regional transportation  
27 investment districts, and transportation benefit districts imposing a  
28 sales and use tax. All administrative provisions in chapters 82.03,  
29 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be  
30 amended, shall, insofar as they are applicable to state sales and use  
31 taxes, be applicable to taxes imposed pursuant to this chapter.  
32 Counties, cities, transportation authorities, public facilities  
33 districts, and regional transportation investment districts may not  
34 conduct independent sales or use tax audits of sellers registered under  
35 the streamlined sales tax agreement. Except as provided in RCW  
36 43.08.190, all earnings of investments of balances in the local sales  
37 and use tax account shall be credited to the local sales and use tax

1 account and distributed to the counties, cities, transportation  
2 authorities, public facilities districts, public transportation benefit  
3 areas, ~~((and))~~ regional transportation investment districts, and  
4 transportation benefit districts monthly.

5 **Sec. 22.** RCW 82.14.060 and 1991 c 207 s 3 are each amended to read  
6 as follows:

7 Monthly the state treasurer shall make distribution from the local  
8 sales and use tax account to the counties, cities, transportation  
9 authorities, ~~((and))~~ public facilities districts, and transportation  
10 benefit districts the amount of tax collected on behalf of each taxing  
11 authority, less the deduction provided for in RCW 82.14.050. The state  
12 treasurer shall make the distribution under this section without  
13 appropriation.

14 In the event that any ordinance or resolution imposes a sales and  
15 use tax at a rate in excess of the applicable limits contained herein,  
16 such ordinance or resolution shall not be considered void in toto, but  
17 only with respect to that portion of the rate which is in excess of the  
18 applicable limits contained herein.

19 **Sec. 23.** RCW 35.21.225 and 1989 c 53 s 2 are each amended to read  
20 as follows:

21 ~~The legislative authority of a city may establish ~~((one or more~~  
22 ~~transportation benefit districts within a city for the purpose of~~  
23 ~~acquiring, constructing, improving, providing, and funding any city~~  
24 ~~street, county road, or state highway improvement that is (1)~~  
25 ~~consistent with state, regional, and local transportation plans, (2)~~  
26 ~~necessitated by existing or reasonably foreseeable congestion levels~~  
27 ~~attributable to economic growth, and (3) partially funded by local~~  
28 ~~government or private developer contributions, or a combination of such~~  
29 ~~contributions. Such transportation improvements shall be owned by the~~  
30 ~~city of jurisdiction if located in an incorporated area, by the county~~  
31 ~~of jurisdiction if located in an unincorporated area, or by the state~~  
32 ~~in cases where the transportation improvement is or becomes a state~~  
33 ~~highway; and all such transportation improvements shall be administered~~  
34 ~~as other public streets, roads, and highways. The district may include~~  
35 ~~any area within the corporate limits of another city if that city has~~  
36 ~~agreed to the inclusion pursuant to chapter 39.34 RCW. The district~~~~

1 ~~may include any unincorporated area if the county legislative authority~~  
2 ~~has agreed to the inclusion pursuant to chapter 39.34 RCW. The~~  
3 ~~agreement shall specify the area and such other powers as may be~~  
4 ~~granted to the benefit district.~~

5 ~~The members of the city legislative authority, acting ex officio~~  
6 ~~and independently, shall compose the governing body of the district.~~  
7 ~~The city treasurer shall act as the ex officio treasurer of the~~  
8 ~~district: PROVIDED, That where a transportation benefit district~~  
9 ~~includes any unincorporated area or portion of another city, the~~  
10 ~~district may be governed as provided in an interlocal agreement adopted~~  
11 ~~pursuant to chapter 39.34 RCW. The electors of the district shall all~~  
12 ~~be registered voters residing within the district. For the purposes of~~  
13 ~~this section, the term "city" means both cities and towns)) a~~  
14 ~~transportation benefit district subject to the provisions of chapter~~  
15 ~~36.73 RCW.~~

16 **Sec. 24.** RCW 47.56.075 and 2002 c 56 s 404 are each amended to  
17 read as follows:

18 The department shall approve for construction only such toll roads  
19 as the legislature specifically authorizes or such toll facilities as  
20 are specifically sponsored by a regional transportation investment  
21 district, transportation benefit district, city, town, or county.

22 **Sec. 25.** RCW 82.80.030 and 2002 c 56 s 412 are each amended to  
23 read as follows:

24 (1) Subject to the conditions of this section, the legislative  
25 authority of a county, city, or district may fix and impose a parking  
26 tax on all persons engaged in a commercial parking business within its  
27 respective jurisdiction. A city or county may impose the tax only to  
28 the extent that it has not been imposed by the district, and a district  
29 may impose the tax only to the extent that it has not been imposed by  
30 a city or county. The jurisdiction of a county, for purposes of this  
31 section, includes only the unincorporated area of the county. The  
32 jurisdiction of a city or district includes only the area within its  
33 boundaries.

34 (2) In lieu of the tax in subsection (1) of this section, a city,  
35 a county in its unincorporated area, or a district may fix and impose

1 a tax for the act or privilege of parking a motor vehicle in a facility  
2 operated by a commercial parking business.

3 The city, county, or district may provide that:

4 (a) The tax is paid by the operator or owner of the motor vehicle;

5 (b) The tax applies to all parking for which a fee is paid, whether  
6 paid or leased, including parking supplied with a lease of  
7 nonresidential space;

8 (c) The tax is collected by the operator of the facility and  
9 remitted to the city, county, or district;

10 (d) The tax is a fee per vehicle or is measured by the parking  
11 charge;

12 (e) The tax rate varies with zoning or location of the facility,  
13 the duration of the parking, the time of entry or exit, the type or use  
14 of the vehicle, or other reasonable factors; and

15 (f) Tax exempt carpools, vehicles with handicapped decals, or  
16 government vehicles are exempt from the tax.

17 (3) "Commercial parking business" as used in this section, means  
18 the ownership, lease, operation, or management of a commercial parking  
19 lot in which fees are charged. "Commercial parking lot" means a  
20 covered or uncovered area with stalls for the purpose of parking motor  
21 vehicles.

22 (4) The rate of the tax under subsection (1) of this section may be  
23 based either upon gross proceeds or the number of vehicle stalls  
24 available for commercial parking use. The rates charged must be  
25 uniform for the same class or type of commercial parking business.

26 (5) The county, city, or district levying the tax provided for in  
27 subsection (1) or (2) of this section may provide for its payment on a  
28 monthly, quarterly, or annual basis. Each local government may develop  
29 by ordinance or resolution rules for administering the tax, including  
30 provisions for reporting by commercial parking businesses, collection,  
31 and enforcement.

32 (6) The proceeds of the commercial parking tax fixed and imposed by  
33 a city or county under subsection (1) or (2) of this section shall be  
34 used (~~strictly~~) for transportation purposes in accordance with RCW  
35 82.80.070 or for transportation improvements in accordance with chapter  
36 36.73 RCW. The proceeds of the parking tax imposed by a district must  
37 be used as provided in chapter 36.120 RCW.

1        NEW SECTION.   **Sec. 26.**   A new section is added to chapter 47.56 RCW  
2   to read as follows:

3        Subject to the provisions under chapter 36.73 RCW, a transportation  
4   benefit district may impose vehicle tolls on state routes or federal  
5   highways, city streets, or county roads, within the boundaries of the  
6   district, unless otherwise prohibited by law.   The department of  
7   transportation shall administer the collection of vehicle tolls on  
8   state routes or federal highways, unless otherwise specified in law or  
9   by contract, and the state transportation commission, or its successor,  
10   shall set and impose the tolls in amounts sufficient to implement the  
11   district's transportation improvement finance plan.   The district shall  
12   administer the collection of vehicle tolls on city streets or county  
13   roads, and shall set and impose the tolls in amounts sufficient to  
14   implement the district's transportation improvement plan.   However,  
15   tolls may only be imposed under this section on a new transportation  
16   improvement made by the district, and revenue from the tolls may only  
17   be used to support that transportation improvement.

18        NEW SECTION.   **Sec. 27.**   This act takes effect July 1, 2004.

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