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**Transportation Committee**

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**HB 1989**

**Brief Description:** Providing local transportation funding options.

**Sponsors:** Representatives Upthegrove, Jarrett, Moeller, Wood, Hankins, Murray, Appleton, B. Sullivan, Dickerson, Simpson, Lovick, Pettigrew and O'Brien.

**Brief Summary of Bill**

- Authorizes a county, city or town to impose up to a twenty dollar annual vehicle fee.
- Authorizes a county, city or town to impose a scale weight fee.
- County may levy twenty percent of the state's fuel tax rate with voter approval.
- Authorizes a city or town to create a street utility service area.

**Hearing Date:** 2/23/05

**Staff:** Jerry Long (786-7306).

**Background:**

In 1990, the Legislature authorized local option taxes for transportation purposes. The options included: a local option fuel tax (10% of state rate); a vehicle license fee (up to \$15); commercial parking tax (no fixed rate); a street utility charge (up to \$2 per employee or household); an employer tax (up to \$2 per employee); a motor vehicle excise tax (MVET) for high occupancy vehicle lanes (up to 15% of state base rate); an MVET for high capacity transportation systems (.8% of vehicle value); and, a sales and use tax for high capacity transportation systems (1% of purchase price).

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.

On November 5, 2002, I-776 repealed the local option vehicle license fee and the MVET for high capacity transportation systems.

**Summary of Bill:**

The following local option taxes are authorized:

### Annual Vehicle Fee

A county, city or town may impose by ordinance an annual vehicle fee for transportation purposes as follows:

- Fee not to exceed \$20 between January 1, 2006 and January 1, 2010;
- Fee not to exceed \$25 between January 1, 2010 and January 1, 2015; and,
- Fee not to exceed \$30 after December 31, 2014.

### Annual Roadway Fee

A county, city or town may impose by ordinance weight fees of one and half cents per pound based on vehicle empty scale weight for transportation purposes.

Both fees (vehicle and roadway) are to be collected at the time of vehicle license renewal. The county, city or town imposing the fees will contract with the Department of Licensing and all costs incurred will be reimbursed by the imposing entity. Both fees apply to cars, sport utility vehicles, motorcycles, motorhomes, trailers with a scale weight of over 1,000 pounds, and trucks 10,000 pounds or less. Vehicles not included are permanent plated trailers, commercial trailers, vehicles bearing Taipei Economic and Cultural Office special plates, campers, farm equipment, trucks over 10,000 pounds scale weight, and small trailers under 1,000 pounds scale weight.

A city or town cannot impose a fee that, if combined with the county fee, exceeds the total amount authorized. If the combined county and city or town fee exceeds the maximum authorized, then the city or town must reduce their fee. If the fee is county wide, the distributions to the county cities and towns must be based on the number of registered vehicles.

Certain exemptions from both fees are authorized including persons with a physical disability and persons at least sixty two years old with a household income less than an amount set by the county, city or town.

The ordinance effective date will be delayed for at least six months after the ordinance is enacted or upon initiating an exemption process.

Revenues generated from both fees shall be used for transportation purposes only, including, but not limited to, the operation and preservation of roads, streets and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high capacity transit improvements and programs; and planning, design, and acquisition of right of way and site for such transportation purposes.

### Local Option Fuel Tax

The existing local option fuel tax used for highway purposes is increased from ten percent to twenty percent of the statewide fuel tax rate.

### Street Utility Service Fee

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 periodic user fees in an annual amount of up to fifty percent of the actual costs for maintenance, operation and preservation of facilities and 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; and, location of users. 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 and markers, striping, street sweeping, guardrails, barriers, roadway vegetation, channelization devices, snow and ice removal, planning, 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.

A city or town with an established street utility service area may impose a lien for any delinquent user fees where a property owner has been billed as delinquent for at least two months and at least two billing notices have been mailed explaining that a lien may be placed. The lien does not have to be recorded to be valid, will be attached to the street user's address, and may be foreclosed the same way as sewerage service.

A street utility authority may be dissolved if it is found to be in the best interest of the public. All unexpended funds of a dissolved street utility authority must be used for the purposes permitted for the street utility.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains multiple effective dates. Sections 1 through 3 is effective January 1, 2006 and sections 4 through 18 of the bill take effect August 1, 2005.