HOUSE BILL REPORT
ESHB 2157

As Passed House:
March 14, 2005

Title: An act relating to authorizing the financing of regional transportation improvements by counties.

Brief Description: Authorizing the creation of a regional transportation improvement authority.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Murray, Simpson, B. Sullivan, Dickerson, Sells, Ericks, McIntire and Conway).

Brief History:
Committee Activity:
Transportation: 2/23/05, 3/5/05 [DPS].
Floor Activity:
Passed House: 3/14/05, 77-19.

Brief Summary of Engrossed Substitute Bill

- Authorizes counties to establish a new Regional Transportation Investment Authority (RTIA) for King, Pierce, and Snohomish counties, which may be single or multi-county. Kitsap County may also form an Authority or annex to an Authority already formed.

- Enables an RTIA to plan, finance, and provide multimodal transportation improvements of regional significance with voter approved funding options including sales tax, vehicle fees, Motor Vehicle Excise Tax (MVET), tolls, and value based charges. Emphasizes at risk facilities and optomized system performance.

- Requires that projects be prioritized by the Puget Sound Regional Council and administered by the RTIA board, which consists of county council members, or only county council members in the case of single-county RTIAs.

- Directs the Transportation Commission to evaluate value-pricing the transportation system in central Puget Sound to finance improvements, optomize system performance, and help prioritize investments.

- Establishes a Transportation Governance Commission to make recommendations to the 2006 Legislature for improved efficiency and transportation governance reform.

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; Wallace, Vice Chair; Appleton, Campbell, Dickerson, Hudgins, Kilmer, Lovick, Morris, Sells, Simpson, B. Sullivan, Takko, Upthegrove and Wood.

Minority Report: Do not pass. Signed by 10 members: Representatives Woods, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Buck, Curtis, Ericksen, Hankins, Jarrett, Nixon, Rodne and Shabro.

Staff: Gene Baxstrom (786-7303).

Background:

Regional Transportation Investment Districts (RTIDs) were authorized in 2002 for the purpose of planning, funding, and building projects to address highway corridor needs in King, Pierce, and Snohomish counties. Implementation requires at least two contiguous counties forming the district.

The council members of King, Pierce, and Snohomish counties are the planning committee for development of a plan for transportation investments in the three-county district and for identifying revenue options to fund them. County council members' votes are weighted proportionally to population. The Secretary of Transportation is a non-voting member.

Projects eligible for the RTID funding are capital improvements to: (1) highways of statewide significance including new lanes and earthquake repairs; (2) highways of statewide significance, which may include High Occupancy Vehicle (HOV) lanes and associated multimodal capital improvements that support public transportation, vans, and busses; and (3) under specified conditions, certain city streets, county roads, or highways that intersect with highways of statewide significance; however, not more than 10 percent of district funds nor more than $1 billion may be expended on local projects and one-third local matching funds for the projects are required. The use of funds for operations, preservation, and maintenance of the RTID projects is prohibited.

The RTID was initially granted various tax options including up to: 0.5 percent sales tax; $100 annual vehicle license fee; 0.3 percent MVET; employer tax; parking fee; and limited tolling authority. In 2003, the RTID was authorized to sell bonds, and the RTID, or counties for RTID purposes, was authorized a local option fuel tax at 10 percent of the state fuel tax rate. Both a RTID and counties, for city and county road purposes, may not impose the tax at the same time.

The RTID is authorized to collect tolls on facilities where lanes are added or the lanes are reconstructed by the RTID. The Department of Transportation (DOT) may construct toll facilities that are sponsored by a RTID.

The RTID executive committee began developing a plan for improvements and adopted a revenue plan in March 2004. This plan identified a $13.2 billion revenue package, which included a joint ballot proposition with Sound Transit. A draft investment plan was adopted by the executive board in April 2004. Based on public opinion research, the business community advised the executive committee in May that it would not support a Fall 2004 ballot. The executive board did not forward a plan to the planning committee, and Sound Transit did not vote to join the ballot issue. No date has been set to go to the ballot.

There are numerous agencies charged with the planning, funding, development and operation of transportation facilities in the central Puget Sound region. Federal law requires that metropolitan areas greater than 50,000 persons have a metropolitan planning organization (MPO), and that designation is made by the Governor and local government officials.

The formation of these agencies is a precondition for receiving federal highway and transit funds. The MPO for King, Pierce, Snohomish and Kitsap counties is the Puget Sound Regional Council (PSRC). This agency is also the designated Regional Transportation Planning Organization (RTPO) pursuant to state law. The PSRC develops a metropolitan transportation plan with a 20-year horizon and a three-year financially constrained transportation improvement program. Under state law, RTPOs are required to certify that the transportation elements of local comprehensive plans conform with the Growth Management Act (GMA), and are consistent with the regional transportation plan. Both federal and state law require MPO/RTPOs to have a transportation policy board which includes local elected officials, officials of agencies that administer or operate major modes or transportation systems, and appropriate state officials. The PSRC also scores projects for distribution of federal funds for which it is responsible.

Within the PSRC area, transportation planning, funding, development, and/or services are provided by numerous public agencies. These include: the DOT, responsible for state highways within the region; four county governments; over 65 cities; six public transportation agencies including the Seattle monorail authority; the three-county regional transit authority (Sound Transit); Washington State Ferries, a division of the DOT, operating both auto and passenger-only ferry service; and several port districts. The newly authorized RTID has also formed a planning committee and is developing a regional plan to fund improvements in major highway corridors in King, Pierce, and Snohomish counties. Recent public polling and focus group results indicate public confusion and concern regarding the number of agencies involved in transportation and the diversification of planning, funding, and decision making.

Summary of Engrossed Substitute Bill:

The authority to create a Regional Transportation Investment District is repealed.

A county with a population over 1.5 million persons, together with counties with a population over 500,000 persons, may create a multi-county or single-county Regional Transportation Improvement Authority (RTIA) to fund transportation projects. A county with a population over 230,000 persons whose boundaries abut three counties eligible to form a RTIA may form a single-county authority or, with voter approval, annex to an existing authority whose plan has been voter approved.

<u>Formation and Governance of a RTIA.</u> The legislative authority of an eligible county, or two or more eligible counties, by ordinance, may create an authority. A single county RTIA must be county-wide and the governing board of a single county RTIA is the county legislative authority, except that in a county with a population between 500,000 persons and less than 1,500,000 persons, that portion of the county located on a peninsula and connected to the other portion of the county by a bridge improved under the Public-Private Initiatives Act may not be included in the authority boundaries until after a plan has been approved by voters

A multi-county RTIA's boundaries must be based on the urban growth area in that county to the extent deemed appropriate . The governing board consists of the members of participating county legislative authorities, with votes weighted by population in their districts within the authority boundaries, divided by authority population. The vote of the county executive from each participating county is equal to the vote of the vote of that county's legislative authority member with the largest weighted vote. The board also includes as non-voting members, the Secretary of Transportation and a representative of the largest city within each county and any other cities with a population over 110,000 persons. For counties with a population over 1.5 million, an additional city whose population is over 50,000 persons is to be designated by the county executive, with that city's representative to represent the geographical diversity of the county. Areas of member counties not initially included when an RTIA is formed may annex to the RTIA with board, city and/or county, and voter approval.

Members of the county legislative authorities and county executives who are members of an authority are to act in an ex-officio and independent capacity.

<u>Eligible projects and improvement plan preparation.</u> Transportation projects that may be included in the regional transportation improvement plan are projects of statewide or regional significance that are included in the transportation plan of state or a regional transportation planning organization. Projects may include highways of statewide significance, principle arterials of regional significance, high-capacity transportation, public transportation, and other projects or programs including transportation demand management. Projects may include operation, preservation and maintenance of those facilities or programs. Projects remain under the lead agency that owns the facility or provides the service unless otherwise provided for.

At the request of a county or counties choosing to implement a RTIA, the regional transportation planning organization in which those counties are located is required to prepare within 90 days a recommended prioritized list of projects to be included in an improvement plan. Criteria is set forth for project selection including high-priority projects, safety and mobility, and geographic equity and land use planning. Specific project criteria also include at risk facilities and safety, travel time, capacity and mobility, cost-effectiveness and optimal performance of the system. The project list is submitted to the RTIA for use as the basis of a RTIA plan, and may be changed by the RTIA board. Before plan adoption, the board must identify projects based on specified criteria, recommend a financing plan, and hold public meetings.

The legislative authority of a county within which an improvement authority is included can, by ordinance, either approve or disapprove the improvement plan. For a multi-county plan, if a county declines to participate, the plan is reformulated by the board to include the remaining county or counties. If approved by the county legislative authority of participating counties, the plan is placed before the voters of the proposed authority.

Revenue options. The board may select from the following list of revenue options to fund the plan: a vehicle license fee of up to $100 per year, which may be varied with vehicle age; a sales and use tax of up to 0.2 percent, which may be imposed for a maximum of ten years before another vote is required; and with approval of the Transportation Commission, tolls and a value-pricing charge based upon vehicle miles traveled, which may be varied by corridor and time of day. In addition, the existing county option to impose a 0.3 percent motor vehicle excise tax (MVET) for high occupancy vehicle lanes is changed to 0.6 percent for an RTIA and use of the monies may be for any RTIA purpose. The MVET is to be based on vehicle market value. The local option MVET may only be imposed to the extent that it is not already imposed by a county within the authority boundaries. All taxes and fees must be voter approved, as must the authorization to impose a vehicle mileage charge and tolls. The objective of the tolls and vehicle mileage charge is to improve performance of the transportation network, finance improvements, and measure needed investments.

Other RTIA provisions. A RTIA is authorized to enter into debt up to amounts provided by constitutional limitations however, legislative intent is that the plan minimize reliance on bonds, and that it rely instead on revenues, with bonding to be used for critical expenditures and cash flow purposes. Revenue bonds may be issued by the authority without voter approval. A regional transportation improvement authority account is created in the custody of the State Treasurer as a non-appropriated account. The board is to update the plan annually and it may refine the scope of the plan, its projects, its schedule, and its costs. Voter approval is required for changing tax rate or imposing new taxes and fees. The board is required to develop a "material change" policy to address major plan changes related to cost, scope, and schedule and board policies to address those changes. Annual reports to the public are required to show project cost projections, revenues, and schedules.

Taxes dedicated to capital projects terminate upon completion of the project, including debt retirement. The authority is required to submit a plan to voters one year in advance of the retirement of all debt, including a finance plan for on-going operation. If there is no debt and no ongoing project operation, the authority shall dissolve within 30 days of project completion.

A RTIA may enter into a joint ballot measure agreement with the regional transit authority in central Puget Sound. The RTIA, with the transit authority's permission, impose unused high capacity transit tax authority for high capacity transit projects that are set forth in the RTIA improvement plan.

The Department of Transportation and the regional transportation planning organization within which an RTIA is formed are directed to provide support to an authority.

The Transportation Commission is to study the feasibility of value pricing certain facilities or the transportation network in Puget Sound. The study is to address using such an approach to generate revenues, maximize the efficiency of system operation and provide economic indicators for system investments. The Commission is to submit an initial draft to the Legislature by January 15, 2006, and a final report by June 30, 2006.

<u>Regional Transportation Governance Commission (Commission).</u> The county executives of a county with a population over 1.5 million persons and adjoining counties with a population over 500,000 persons must jointly appoint a commission to review transportation governance within their counties. The county commission of any other county located within the same regional transportation planning organization that those counties are located in is also to appoint a commission member. The Governor must appoint the chair and at least one-third of the voting members of the Commission, and the Commission may not exceed 18 voting members. The Secretary of Transportation is a non-voting member. The appointments must include experts from the private and public sectors with demonstrated expertise in innovation, structural reorganization and decision making, and also experts in fields such as municipal law, intergovernmental relationships, and transportation planning and project development. Board members may not be elected officials.

The Commission is to report to the Legislature by January 1, 2006, regarding consolidation of governance among transportation related agencies, improved coordination investment strategies and planning, enhanced delivery of transportation services, and improved coordination between regional, federal, and state transportation programs. The Commission is to issue a preliminary report by November 15, 2005, and to insure active public participation in development of the recommendations. The Department of Transportation is to provide staff support to the Commission or contract for services at the request of the Commission.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This legislation to replace the Regional Transportation Investment District is more inclusive in its governance and better coordinates transportation planning through use of the metropolitan planning organization. It provides more flexibility by allowing counties to form separate districts and allows districts to be only the urban growth areas of a county. It provides a broader range of investment choices, allowing a multimodal plan to be placed before the voters. The expanded tolling options and the potential for a vehicle miles traveled tax are also improvements to the menu of revenue options available to the district.

Testimony Against: None.

Persons Testifying: Genesse Atkins, Futurewise; and Doug MacDonald, Washington State Department of Transportation.

(With concerns on original bill) David Hopkins, King County; and Doug Levy, Cities of Everett, Kent, Federal Way, and Renton.

(Neutral on original bill) Rick Olson, Puget Sound Regional Council.

Persons Signed In To Testify But Not Testifying: None.