

# FINAL BILL REPORT

## ESHB 1858

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C 329 L 07

Synopsis as Enacted

**Brief Description:** Regarding the imposition of fees by transportation benefit districts.

**Sponsors:** By House Committee on Transportation (originally sponsored by Representatives Fromhold, Curtis, Clibborn, Jarrett, Simpson, Springer and Moeller).

**House Committee on Transportation**  
**Senate Committee on Transportation**

### **Background:**

The Legislature has declared, by statute, that cooperation between the public and private sectors should be encouraged to address transportation needs caused by private sector development for the public good. Consistent with this objective, a county or city may establish one or more transportation benefit districts (TBD or district) within its jurisdiction to fund improvements to city streets, county roads, and state highways. A TBD may not, however, be established in King, Pierce, or Snohomish Counties prior to December 1, 2007.

"Transportation improvement" means a project contained in the transportation plan of the state or a regional transportation planning organization. Such projects may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance, as well as the operation, preservation, and maintenance of these facilities or programs.

The legislative authorities proposing to establish a district, or to modify the boundaries of an existing district, must first issue public notice of that intent and then hold a public hearing. Following the public hearing, the district may be formed or modified if the legislative authorities find that such action is in the public interest and if an ordinance providing for such action is adopted.

When establishing the district's area, the jurisdiction proposing to create the TBD may only include cities and other counties through interlocal agreements. In 2006 the Legislature removed the requirement that the boundaries of a TBD must include all territory within the boundaries of each participating jurisdiction, and, instead, a TBD may comprise less than the entire area within each participating jurisdiction.

A TBD is governed by the legislative authority of the jurisdiction proposing to create it, or by a governance structure prescribed in an interlocal agreement among multiple jurisdictions. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions.

Port districts and transit districts may participate in the establishment of a TBD but may not initiate district formation.

Transportation benefit districts have independent taxing authority to implement the following revenue measures, all of which are subject to voter approval: (1) excess property taxes; (2) general obligation bonds; (3) transportation impact fees; (4) border area motor vehicle fuel taxes; (5) a local option sales and use tax up to 0.2 percent; (6) a local option annual vehicle fee of up to \$100 on vehicle license renewals; and (7) vehicle tolls. They also have authority to issue general obligation and revenue bonds. In addition, TBDs may form local improvement districts to impose special assessments on property benefitted by the improvements and to issue special assessment bonds.

Certain issues require a TBD to take additional accountability steps. The governing body must develop a material change policy to address major plan changes that affect project delivery, cost, or scope, or the ability to finance the plan. If project costs exceed original costs by more than 20 percent, there must be a public hearing to solicit comment on how the cost change should be resolved. Revenue rates, once imposed, may not be increased unless authorized by voter approval.

Any transportation improvement by a TBD is owned by the jurisdiction where the improvement is located or by the state if the improvement is a state highway. A TBD dissolves and ceases to exist 30 days after the financing or debt service on the improvement project is completed and paid. If there is no debt service on the project, the district must dissolve within 30 days from the date construction of the improvement is completed.

**Summary:**

Transportation benefit districts (TBD) that fully encompass a city or county are permitted to impose impact fees or up to \$20 in vehicle fees without voter approval, if the fees or charges are approved by a majority of the TBD Board. If more than one vehicle fee is imposed within a TBD's boundaries, total vehicle fees must be reduced such that no more than \$20 in vehicle fees may be imposed without voter approval.

For TBDs comprised solely of a city or cities (city TBD), a city TBD's authority to impose the impact or vehicle fee is delayed for 180 days, providing time for a county-wide TBD to impose these fees first on a county-wide basis. A county may waive the 180-day waiting period by resolution.

If the TBD is county-wide, the vehicle fee revenues must be distributed by interlocal agreement. If an interlocal agreement cannot be reached, the county-wide TBD is authorized to impose the vehicle fee only in the unincorporated area within its boundaries. For an interlocal agreement to be effective, agreement must be reached between the county and 60 percent of the cities representing 75 percent of the incorporated population.

The vehicle fee may be used for passenger-only ferry transportation improvements only if the fee is approved by a majority of the voters in the district's boundaries.

The authority of a TBD to impose impact fees, with or without voter approval, on residential development is removed.

**Votes on Final Passage:**

House	61	35
Senate	32	17

**Effective:** July 22, 2007