

# SENATE BILL REPORT

## ESHB 1858

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As Reported By Senate Committee On:  
Transportation, March 26, 2007

**Title:** An act relating to the imposition of fees by transportation benefit districts.

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

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

**Brief History:** Passed House: 3/13/07, 61-35.

**Committee Activity:** Transportation: 3/21/07, 3/26/07 [DP, DNP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Murray, Vice Chair; Swecker, Ranking Minority Member; Berkey, Clements, Eide, Jacobsen, Kastama and Spanel.

**Minority Report:** Do not pass.

Signed by Senator Delvin.

**Staff:** Kelly Simpson (786-7403)

**Background:** The legislative authority of a county or city may establish a Transportation Benefit District (TBD) for the purpose of financing and constructing transportation improvements within the district area.

Establishment of TBDs: TBDs may be formed in areas throughout the state, except in counties with a population greater than 1.5 million and any adjoining counties with a population greater than 500,000. However, effective December 1, 2007, TBD authority is available throughout the entire state.

Jurisdictions with authority to initiate a TBD include counties and cities. However, port districts and transit districts may participate in the establishment of a TBD. The TBD area does not have to include the entire area within each participating jurisdiction. 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.

Transportation Improvements: TBDs may fund projects contained in a state or regional transportation plan, and may include various transportation projects that are of statewide or

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regional significance. Eligible projects may also include the operation, preservation, and maintenance of the applicable facilities or programs.

**Revenue Options:** A TBD may implement the following revenue measures: (1) local option sales and use taxes (up to 0.2 percent); (2) local option vehicle fees (up to \$100); (3) transportation impact fees; (4) excess property taxes; (5) border area motor vehicle fuel taxes (up to one cent/gallon); (6) bonds; and (7) vehicle tolls. A TBD may only implement revenue measures approved by the local voters.

Revenue rates, once imposed, may not be increased, unless authorized by voter approval. If project costs exceed original costs by more than 20 percent, a public hearing must be held to solicit public comment regarding how the cost change should be resolved. The district must be dissolved upon completion of the project(s) and the payment of debt service.

**Summary of Engrossed Substitute Bill:** If a TBD includes all the territory within the boundaries of the establishing jurisdictions, then the TBD may impose, by a majority vote of the governing body and without voter approval, the transportation impact fees or up to \$20 of the local option vehicle fee. However, a TBD comprised of a city or cities may not impose these fees or charges within 180 days after the effective date of this act, unless the county in which the city or cities reside declares it will not impose the fees or charges itself. Additionally, language is included prohibiting the non-voter approved local option vehicle fee from exceeding \$20 in any given TBD area.

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

The public process for initiating a TBD is clarified.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill expands on existing authority passed in 2005. It provides for a limited councilmatic tax authority. It would serve as one more tool available for local governments to address pressing local and regional transportation needs. It would help raise revenue for freight corridors, and could help in leveraging state and federal funds. The bill furthers the original TBD legislation's direction to finance projects that support multiple jurisdictions. Not all jurisdictions would choose to use this authority. But if they did, ultimately the local officials are accountable to their voters.

**Persons Testifying:** PRO: Representative Fromhold, prime sponsor; Ashley Probart, Association of Washington Cities; Julie Murray, Washington State Association of Counties; Rick Wickman, Identity Clark County; Mark Brown, Cities of Vancouver, Lacey, Longview, Battle-Ground, and Ridgefield.