

# FINAL BILL REPORT

## 2SHB 1591

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Synopsis as Enacted

**Brief Description:** Concerning the use of certain transportation benefit district funds.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Uptegrove, Clibborn, Simpson and Liias).

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

**Background:**

A transportation benefit district (TBD or district) is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district.

A "transportation improvement" means any project contained in the transportation plan of the state or regional transportation planning organization, and may include investments in city streets, county roads, 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 proposed improvement must also be consistent with any state, regional, and local transportation plan, and must be necessitated by existing or reasonably foreseeable congestion.

The legislative authorities proposing to establish a TBD, or to modify the boundaries of an existing TBD, must first issue public notice of that intent and then hold a public hearing. Following the public hearing, the TBD 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 county or city proposing to create the TBD may only include other jurisdictions through interlocal agreements. The TBD may include areas within more than one county, city, port district, county transportation authority, or public transportation benefit area. A TBD may be comprised of less than the entire area within each participating jurisdiction.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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 TBD formation.

Any transportation improvement provided 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 TBD must dissolve within 30 days from the date construction of the improvement is completed.

#### Revenue Measures Generally.

A TBD has independent taxing authority to implement the following revenue measures, all of which are subject to voter approval, except as otherwise noted:

- a local sales and use tax of up to 0.2 percent;
- a local annual vehicle fee of up to \$100 on vehicle license renewals, \$20 of which may be imposed without voter approval;
- excess property taxes, for a period of up to one year; and
- tolls, subject to legislative authorization and approval by the Transportation Commission if imposed on state routes.

A TBD may impose the following revenue measures without voter approval:

- transportation impact fees on commercial and industrial development; and
- except for passenger-only ferry improvements, up to \$20 in local annual vehicle fees.

Unless approved by the voters, a sales tax may not be imposed for a period exceeding 10 years. In no event may a sales tax be imposed for more than 20 years. A TBD may issue general obligation and revenue bonds. In addition, a TBD may form local improvement districts (LID) to provide transportation improvements, and may impose special assessments on all property specially benefitted by the improvements. The district may form a LID only if a petition process is used, which requires that property owners representing a majority of the area within the proposed LID initiate a petition process.

#### Transportation Impact Fees.

Transportation impact fees are charges imposed by local governments on new development projects for the purpose of mitigating off-site transportation impacts that are a direct result of the proposed development. A TBD is authorized to impose impact fees on the construction of commercial or industrial buildings, or the development of land for commercial purposes. The impact fees must be used exclusively for transportation improvements constructed by the district, and must be reasonably necessary as a result of the construction or development. If a county or city within the TBD is levying a fee for a transportation improvement, the fee must be credited against the amount of the fee imposed by the TBD.

#### **Summary:**

It is clarified that a transportation improvement means, in addition to any project contained in the transportation plan of the state or regional transportation planning organization, any project contained in the transportation plan of a city, county, or any jurisdiction eligible to be included in a TBD.

It is clarified that TBDs are authorized to impose impact fees for transportation improvements within the district that are constructed by any entity, not only for those improvements constructed by the TBD itself.

It is established that TBDs that initially impose a voter-approved sales and use tax after July 1, 2010, are authorized to impose the sales and use tax beyond the 10-year limitation if the tax revenues are dedicated to the repayment of general obligation bonds.

**Votes on Final Passage:**

House	56	38
Senate	44	2

**Effective:** June 10, 2010.