

HOUSE BILL REPORT

HB 1536

As Reported by House Committee On: Transportation

Title: An act relating to providing a congestion reduction charge to fund the operational and capital needs of transit agencies.

Brief Description: Providing a congestion reduction charge to fund the operational and capital needs of transit agencies.

Sponsors: Representatives Liias, Armstrong, Clibborn, Carlyle, Fitzgibbon, Dunshee, Cody, Kenney, Dickerson, Orwall, Upthegrove, Pedersen, Sells, Darneille, Frockt, Billig, Moscoso, Hasegawa, Ryu, Goodman, Hunter, Jinkins, Maxwell, Kagi, Pettigrew, Reykdal, Santos, Sullivan, Moeller, Roberts and Ormsby.

Brief History:

Committee Activity:

Transportation: 2/9/11, 2/10/11 [DP].

Brief Summary of Bill

- Allows public transportation systems serving King, Pierce, and Snohomish counties to impose, upon the majority approval of the governing body of the system, a congestion reduction charge for certain vehicles of up to \$30, until December 31, 2013.
- Requires public transportation systems that impose a congestion reduction charge to complete a congestion reduction plan prior to implementation as well as reports detailing the expenditures of the congestion reduction charge.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 15 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Finn, Fitzgibbon, Jinkins, Ladenburg, Moeller, Morris, Moscoso, Reykdal, Rolfes, Ryu, Takko and Upthegrove.

Minority Report: Do not pass. Signed by 12 members: Representatives Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Johnson, Klippert, Kristiansen, McCune, Overstreet, Rivers, Shea and Zeiger.

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.

Staff: David Munnecke (786-7315).

Background:

There are 31 public transit systems operating in the state. Public transit systems are special purpose districts authorized to provide public transportation services within their respective boundaries. These transit systems can be formed under a variety of different governance structures, including public transportation benefit areas (PTBAs), metropolitan municipal corporations (Metros), county transportation authorities, city-owned transit systems, and regional transit authorities.

Generally speaking, "public transportation service" means the transportation of packages, passengers, and their incidental baggage by means other than by chartered bus or sight-seeing bus, together with the terminals and parking facilities necessary for passenger and vehicular access to and from such systems. For PTBAs, "public transportation service" also includes passenger-only ferry service for those PTBAs eligible to provide passenger-only ferry service.

To fund capital and operating public transportation expenses, public transit systems are authorized to seek voter approval of up to 0.9 percent in sales and use tax. Most transit systems may also seek voter approval of a business and occupation tax and a household tax in lieu of a sales and use tax. Fares may be set and increased by the transit agency's governing body without voter approval.

Summary of Bill:

Public transportation systems serving King, Pierce, and Snohomish counties are authorized to impose a congestion reduction charge of up to \$30 per vehicle registered within the boundaries of the system upon the majority approval of the governing body of the system. "Public transportation system" is defined to mean public transportation benefit areas, metropolitan municipal corporations, county transportation authorities, and city-owned transit systems. The congestion reduction charge is due upon the registration renewal date for each vehicle subject to vehicle license fees and each vehicle subject to gross weight fees with an unladen weight of 6,000 pounds or less, except for farm vehicles, off-road vehicles, nonhighway vehicles, vehicles registered as apportionable vehicles, and snowmobiles.

Prior to imposing a congestion reduction charge, a public transportation system must complete a congestion reduction plan detailing the proposed expenditures of the proceeds of the charge. Public transportation systems that impose a congestion reduction charge must also complete reports by July 1, 2012, and June 1, 2014, detailing the expenditures of the proceeds of the congestion reduction charge.

A public transportation system may not impose a congestion reduction charge for a passenger-only ferry transportation improvement unless the charge is approved by a majority of the voters within the system's jurisdiction.

Public transportation systems that choose to impose a congestion reduction charge must contract with the Department of Licensing (DOL) for collection, and must provide the DOL with any information specified by the DOL as necessary for the collection of the congestion reduction charge. The DOL must also deduct a percentage amount, as provided in the contract, necessary to reimburse the DOL for its collection costs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect August 1, 2011.

Staff Summary of Public Testimony:

(In support) This bill would create a two-year tool to provide funding while we try to determine the next step for funding transit service. If the maximum \$30 charge were implemented, it would provide approximately \$100 million in funding for Community Transit and King County Metro over the two years it would be in effect. The transit agencies could decide to go out to a vote of the people, but they are not required to do so. Both Community Transit and King County Metro have already increased fares significantly and are at risk of driving people away.

The reduction in transit service has a significant effect on congestion, in that more people are forced to drive. King County Metro, like other transit agencies, is an integral part of the management of the transportation system, and increases the functionality of the system. Transit makes it easier and more efficient for everyone to get to work, and the systems are suffering just when they are needed the most. For many of the people who use mass transit, it is their only choice, making it a necessity, not a luxury.

Due to a lack of revenue, Community Transit has been forced to cut weekend service, and eight of its 64 routes. Cuts in service effect the number of transit jobs, as well as people who are trying to get to work. Currently, 60 percent of the riders on Community Transit have cars, but choose to ride the bus to work. Since 2009 Community Transit has raised fares twice and reduced its reserves, but is still facing a \$200 million reduction in revenue from 2008-2013. Community Transit's "Buy Local for Transit" program is an effort to get people to buy in Snohomish County in order to increase the sales tax revenue that goes to the transit system, and is among the first of such programs in the country. One example of the effect of service cuts in Snohomish County is the traffic jams that a recent Mukilteo festival experienced on a Sunday, when there was no transit service, as opposed to Saturday, when there was service.

King County Metro has been doing its best to keep buses on the road by cutting costs and increasing revenue. Since 2006 it has raised fares by 80 percent, property taxes have been shifted from ferries to the Metro budget, and other funding options are already maxed out. Employers in the county have purchased tens of thousands of bus passes, worth \$54 million in the past year, in order to provide them to their employees. The agency has saved \$12.5

million through service improvements, reduced staff by 100, and deferred both service expansion and capital improvements. Transit workers have also given up the pay raise in their current contract.

In the next three years, Metro has identified a gap of \$300 million between the revenues it expects to receive and the amount it needs to continue to provide its current level of service, and the gap is \$117 million in each of the following years. This could lead to cuts of over 400,000 service hours, which is approximately 15 percent of current service and the equivalent of all Sunday service or all service on the east side of the county. While revenue has decreased in the past few years, demand is expected to increase. Transit demand is expected to increase by 35 percent on the State Route 520 corridor once tolls are implemented, and the recent increase in gas prices will likely drive greater demand throughout the system.

The King County Metro Task Force has been meeting throughout the past year to look at long-term solutions for the Metro budget gap. It has determined that service in various areas should be based on principles of social and geographic equity. Public transit benefits low income individuals as well as other people in need. King County Metro has provided approximately 100,000 passes to social service agencies in the past year, and without an increase in revenue this program may be eliminated.

Pierce Transit's ballot measure to increase the sales tax it collects failed. The economic situation in Pierce County is very difficult right now, so this increase was always seen as a heavy lift. Now that it has failed, Pierce Transit is looking at a 35 percent decrease in service. The congestion reduction charge is a tool that Pierce Transit needs now.

Commute Seattle is a public-private partnership between King County, Seattle, and the Downtown Seattle Association. Employers in downtown invest in public transit by purchasing system passes, at an average cost of \$10,000 for a small employer. As transit service is reduced, fewer employees will be interested in using transit, which means that fewer employers will participate in the program.

Many of the riders of mass transit want to see increased service, not less. By 2030 declines in oil production will mean soaring costs for transportation, and a shrinking middle class. We need to find better funding sources for transit, such as a Motor Vehicle Excise Tax or a carbon allowance, in order to increase funding for transit service. Increasing transit service will also help improve the environment.

(With concerns) We all recognize the problems experienced by public transit agencies. The solution to these problems is to develop new dedicated funding sources that are different from the highway funding sources. This charge is not the answer both because there is no guarantee that it will not be extended and because it is another regressive tax that will not be popular with the voters.

(Opposed) There is no need for an additional way to give money to transit agencies. There needs to be control over how the money is spent.

The City of Seattle used to run a transit system and make a profit. Once the system started receiving money from the federal government, it started to go downhill. The federal money has led to higher salaries, which in some cases top \$100,000 a year. Senator Magnuson came to Metro and told them he could not justify giving Metro more money.

Money could go to build roads, but instead the money goes to transit agencies that tear up the road.

Persons Testifying: (In support) Representative Liias, prime sponsor; Kevin Desmond, King County Metro Transit; Jane Hague and Joe McDermott, King County Council; Tom Rasmussen, City of Seattle; Jamie Cheney, Commute Seattle; Joyce Elenore and Joe Marine, Community Transit; Dick Burkhardt, Washington Unitarian Universalist Voices for Justice; Patricia Ceis, Amalgamated Transit Union Local 1576; Tom Peloquin; Tim Gould, Sierra Club Washington; Carrie Dolwick, Transportation Choices Coalition; Jessyn Farrell, Pierce Transit; and Victor Colman, Childhood Obesity Prevention Coalition.

(With concerns) Dave Overstreet, Automobile Association of America Washington.

(Opposed) Paul W. Locke.

Persons Signed In To Testify But Not Testifying: None.