HOUSE BILL REPORT
ESSB 5457

As Passed House - Amended:
April 12, 2011

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: Senate Committee on Transportation (originally sponsored by Senators White, Shin, Murray, Kohl-Welles, Harper, Nelson, Keiser, Prentice, Kline and McAuliffe).

Brief History:

Committee Activity:

Transportation: 3/15/11, 3/30/11 [DPA].

Floor Activity:

Passed House - Amended: 4/12/11, 51-46.

Brief Summary of Engrossed Substitute Bill (As Amended by House)

- Allows the governing body of counties that have assumed the authority of a metropolitan municipal corporation to impose, upon majority approval by the governing body or the voters, a congestion reduction charge for certain vehicles of up to $20, until June 30, 2014, or two years after imposition, unless the charge was approved by a majority of the voters in the county.
- Requires a governing body that imposes a congestion reduction charge to complete a congestion reduction plan prior to implementation and complete two reports detailing the expenditures of the congestion reduction charge.
- Requires the proceeds of a congestion reduction charge to be expended in a manner consistent with the recommendations of any regional task force created by the governing body.

HOUSE COMMITTEE ON TRANSPORTATION

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.

Majority Report: Do pass as amended. Signed by 16 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Eddy, Finn, Fitzgibbon, Jinkins, Ladenburg, Moeller, Morris, Moscoso, Reykdal, Rolfes, Ryu, Takko and Upthegrove.

Minority Report: Do not pass. Signed by 13 members: Representatives Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Johnson, Klippert, Kristiansen, McCune, Overstreet, Rivers, Rodne, Shea and Zeiger.

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, 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 Amended Bill:

The governing body of a county that has assumed the authority of a metropolitan municipal corporation and is operating a public transportation system (governing body) may impose, upon majority approval by the governing body or majority approval by the voters of the county, a congestion reduction charge for certain vehicles of up to $20. The congestion reduction charge may be collected until June 30, 2014, or two years after imposition, whichever comes first.

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, the governing body must complete a congestion reduction plan detailing the proposed expenditures of the proceeds of the charge.

The governing bodies 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.

If the governing bodies that impose a congestion reduction charge have completed a regional task force evaluating system improvements and efficiencies within two years of the imposition of the charge, the proceeds of the charge must be expended in a manner consistent with the recommendations of the task force.

The governing bodies may impose a congestion reduction charge after June 30, 2014, if the charge is approved by a majority of the voters in the county, but the authority to impose a congestion reduction charge expires December 31, 2014. The governing bodies 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.

The governing bodies 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 of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill creates a local option to provide funding for a vital service. King County Metro (Metro) provides 108 million transit trips per year and over 400,000 per day. Errands, work, doctor appointments, and more are all accessed by trips on Metro. This bill was narrowed, but it is still important for freight mobility and transportation system functionality. There was a great deal of praise in the Senate for Metro's efforts responding to audits and for the regional task force.

Continuing Metro service is the most important thing that can be done to improve the economy. This service helps many people get to employment centers every day, and without assistance drastic cuts will have to be made. In order to deal with its funding shortfall, Metro has implemented major audit recommendations, doubled fares, deferred transit expansion, moved capital funds to operating, and renegotiated contracts. The unanimous recommendations of the regional task force are being implemented, but there will still be 17 percent cuts in service if new revenue is not forthcoming.

Metro was asked to come back to the Legislature once it had a plan for transit in King County, and now it has that plan. The City of Seattle has many people who are completely dependent on transit. It also has many car owners who are also transit users. Overall, 86 percent of the riders on Metro also own a car.

Metro has been working very hard on the expense side, both now and in the future, but cuts are looming despite the reductions in expenses. The cuts necessary to balance the budget would be equal to one-third of the service on state highways. There are signs of a recovery in ridership, which is likely based on an increase in both employment and gas prices. Fares have doubled in the last few years.

The contract with Metro's drivers expired in October of 2010. Under the new contract, there were $32 million in savings due to reductions in planned increases in wages and cost of living adjustments. The workers did their part because they know how important the service they provide is.

Employees will give up their cars for transit service that is predictable, and employers will support the efforts of their employees. A recent survey of 1,200 employees found that transit is one of the benefits that the employees wanted. Improving the transportation system through transit is thus an important part of economic growth. Downtown Seattle is home to 230,000 jobs, and more than one-third of those workers commute on Metro. Commute Seattle is a public-private partnership between King County, Seattle, and the Downtown Seattle Association. Employers in downtown Seattle 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.

Transit agencies are an integral part of the overall transportation system. Transit funding, however, should come from everyone since it benefits everyone. The bill creates another regressive tax, since it is not based on the type of car people drive, and it will not be popular with the voters after the passage of Initiative 1053.

The University of Washington (UW) has 65,000 transit users. Twenty-one percent of the people at the UW drive alone to the campus while 40 percent use transit. This bill will provide important bridge funding that is needed immediately so that these patterns can continue. Students at the UW commute from all over the region, including Maple Valley, and some could not attend without transit. Transit provides access to downtown Seattle and prevents gridlock around the campus. The U-PASS is a commute trip reduction program that is available to all students at the UW.

Community Transit should be added back into the legislation. Community Transit had an early action plan that involved cuts to costs, service, and employees, but this was not enough. Community Transit is already at its maximum sales tax rate, so it needs support in order to avoid further cuts.

Functioning transit is vital to Snohomish County, and this legislation is necessary to prevent further cuts to this service. Community Transit mitigates congestion, thus improving both the transportation system and the overall economy. It provides vital service both within the county and to areas outside Snohomish County.

The maximum fee should be $30 and the bill should include both Community Transit and Pierce Transit. Transit is very effective for its users, especially along the Interstate 5 corridor.

(Opposed) This bill is just another tax on vehicle owners. Siphoning money off for transit began with federal support in 1975, and continuing to do so is one example of why there is a $2.5 trillion deficit. Seattle used to support transit through fares alone.

Persons Testifying: (In support) Senator White, prime sponsor; Larry Phillips, King County Council; Sally Clark, City of Seattle; Kevin Desmond, King County Metro; George Allen, Greater Seattle Chamber of Commerce; Katherine Mackinnon, Downtown Seattle Association; Jamie Cheney, Commute Seattle; Dave Overstreet, Automobile Association of America Washington; Josh Kavanagh; Alex Soldano; Andrew Lewis; William Dow; Brandon Skyles; Davor Gjurasic, Community Transit; Patrick Pierce, Everett Area Chamber of Commerce and Snohomish County Committee for Improved Transportation; Patty Ceis and Sara Franklin, Amalgamated Transit Union; Carrie Dolwick, Transportation Choices Coalition; and Peter Thein, Sierra Club Cascade Chapter.

(Opposed) Paul Locke.

Persons Signed In To Testify But Not Testifying: None.