

HOUSE BILL REPORT

ESB 6215

As Passed House:
March 2, 2012

Title: An act relating to establishing an optional transportation benefit district rebate program for low-income individuals.

Brief Description: Establishing an optional transportation benefit district rebate program for low-income individuals.

Sponsors: Senators Frockt, Kline, Nelson, Kohl-Welles and Conway.

Brief History:

Committee Activity:

Transportation: 2/24/12 [DP].

Floor Activity:

Passed House: 3/2/12, 55-42.

Brief Summary of Engrossed Bill

- Allows a transportation benefit district that includes a city with a population of 500,000 or more to establish a rebate program for the purpose of refunding low-income individuals up to 40 percent of the actual fee, tax, or toll paid by that individual.
- Requires a district that establishes a rebate program to be responsible for the development, administration, and costs associated with the program.

HOUSE COMMITTEE ON TRANSPORTATION

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

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

Staff: David Munnecke (786-7315).

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.

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. 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.

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.

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

- 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 Washington State Transportation Commission if imposed on state routes.

A TBD may impose the following revenue measures without voter approval through a majority vote of the governing body:

- transportation impact fees on commercial and industrial development; and
- except for passenger-only ferry improvements, up to \$20 in local annual vehicle fees if the TBD includes all the territory within the boundaries of the jurisdiction(s) establishing the TBD. When imposing this fee, if the TBD is countywide the revenues must be distributed to each city within the county by interlocal agreement.

Summary of Bill:

A TBD that includes a city with a population of 500,000 or more and that imposes a vehicle fee, sales and use tax, or tolls may establish a rebate program for the purpose of refunding low-income individuals up to 40 percent of the actual fee, tax, or toll paid by that individual. Low-income is defined as household income that is at or below 45 percent of the median household income, adjusted for household size, for the district in which the fees, taxes, or tolls were imposed.

A rebate program is established as an authorized use of vehicle fee, sales and use tax, and toll revenues collected by a TBD. A TBD that establishes a rebate program is responsible for the development, administration, and costs associated with the program, and must report to the Legislature within two years regarding various aspects of the program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The City of Seattle had an initiative on the ballot last year to increase its vehicle fee for various transportation purposes, and it failed at least in part due to concerns about the equity of the vehicle fee. It would be an improvement to increase the potential amount of the exemption to 100 percent, so that the vehicle fee could be made as equitable as possible.

This bill is an important improvement to the vehicle fee tool. The threshold for the rebate program is 500,000 so that Seattle can try out the program and report back about how the program works. The bill was designed to place no cost on the Department of Licensing or the state.

The measure to increase the vehicle fee that failed last year would have improved the safety of communities throughout the City of Seattle. People have been killed in traffic accidents, but the identified improvements to prevent these tragedies have not been made due to a lack of funding.

Rebates to low-income individuals can be done today, but they have to be done with a jurisdiction's General Fund dollars. This bill would allow refunds to be provided out of the TBD funds, which would allow an increase in the vehicle fee to be passed in Seattle.

(Opposed) None.

Persons Testifying: Senator Frockt, prime sponsor; Nick Licata, Seattle City Council and City of Seattle; Karl de Jong, Admiral Neighborhood Association; and David Miller, Sidewalks and Streets for Seattle.

Persons Signed In To Testify But Not Testifying: None.