HOUSE BILL REPORT
ESSB 6582

As Reported by House Committee On:
Transportation

Title: An act relating to local transportation revenue options.

Brief Description: Concerning local transportation revenue options.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen, Eide, Hobbs, Ranker and Shin).

Brief History:
Committee Activity:
Transportation: 2/21/12, 2/24/12 [DPA].

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

- Allows a transportation benefit district to impose a vehicle fee of up to $40 by a majority vote of the district's governing board.
- Allows a county to impose up to 1 percent of the value of a motor vehicle registered in the county.
- Changes the local option fuel tax from 10 percent to 1 cent, 2 cents, or 3 cents on each gallon of fuel sold within the boundaries of the county.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. 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: Jerry Long (786-7306).

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) 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. Various revenue options are available to a TBD in order to finance the improvements, most of which are subject to voter approval. Voter approval is not required for a TBD governing board to impose a vehicle fee of up to $20 per vehicle, but only 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 inter-local agreement.

For the purpose of determining any locally imposed motor vehicle excise tax (MVET), the value of a vehicle other than a truck or trailer shall be 85 percent of the manufacturer's base suggested retail price of the vehicle when first offered for sale as a new vehicle, excluding any optional equipment, applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in the depreciation schedules established by legislation in 2006. For the purpose of determining any locally imposed MVET, the value of a truck or trailer shall be the latest purchase price of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the following percentage based on year of service of the vehicle since last sale. The latest purchase year shall be considered the first year of service.

In 1990 counties were provided the authority to implement a statewide local option motor vehicle and special fuel tax. The tax authorized is 10 percent of the statewide fuel tax which would be 3.75 cents based on the current fuel tax rate of 37.5 cents. This is a county imposition with no city levy. Voter approval is required. The tax must be used for the operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high capacity transit improvements and programs; and planning, design, and acquisition of right-of-way and sites for such transportation purposes. Revenues are distributed back to the county and cities contained within the county, on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).

Summary of Amended Bill:

Vehicle Fee.
A TBD, that includes all of the territory within the boundaries of the jurisdiction or jurisdictions establishing the district, may impose by a majority vote of the governing board of the district a vehicle fee of up to $40. If the district is countywide, the revenues of the fee must be distributed to each city within the district by interlocal agreement. The agreement is effective when approved by the district and 60 percent of the cities representing 75 percent of the population of the cities within the district in which the countywide fee is collected. If the

district is less than countywide, the revenues of the fee must be distributed to each city within the district by interlocal agreement.

The amended bill requires that a county or transit system that implements the MVET must receive an approval by a majority of the registered voters of that county or system. However, a county that has a population of 1.5 million or more may impose the MVET by either a majority vote of the county's legislative authority or approval of a majority of the registered voters of the county. The 62.5 percent of the 1 percent must be used by the county for transportation purposes and 37.5 percent must be distributed to cities and towns on a per capita basis and be used for transportation purposes. No MVET may be collected until six months after approval.

The legislative authority of each county shall convene a meeting with representatives of each city, town, and transit system located within the county for the purpose of establishing a collaborative process that will provide a framework for the adoption of a ballot measure.

A county has until December 31, 2013, to impose a MVET. Beginning January 1, 2014, a transit system within that county may impose a MVET of up to one-half of the county's 1 percent.

Counties may waive the December 31, 2013, deadline, and transit systems may move forward before that date.

Any county that has implemented a congestion reduction charge under RCW 82.80.055 must expire the charge before the implementation date of the county MVET.

The existing vehicle valuation schedule in statute is being utilized at 85 percent of the manufacturer's suggested retail price that does not include vehicle options, freight, dealers charges, etc., instead of the last purchase price of the vehicle.

The Department of Licensing (DOL) must administer and collect the tax. The DOL must deduct a percentage amount, as provided by contract, not to exceed 1 percent of the taxes collected, for the administration and collection expenses incurred by the DOL.

A county imposing a MVET must use the funds in a manner consistent with existing planning statutes.

<u>Local Option Fuel Tax</u>.
The existing countywide fuel tax authority of 10 percent of the statewide fuel tax rate is changed to 1 cent, 2 cents, or 3 cents per gallon of fuel. A county may only impose the tax with a vote of the people.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill does not include the provision for the TBD that includes all the territory within the boundaries of the jurisdiction, or jurisdictions, establishing the district, but not including territory in which a fee is currently being collected, may impose by a majority vote the governing board of the district for the vehicle fee.

The amended bill requires that a county or transit system that implements the MVET must receive an approval by a majority of the registered voters of that county or system. However, a county that has a population of 1.5 million or more may impose the MVET by either a majority vote of the county's legislative authority or approval of a majority of the registered voters of the county. The 62.5 percent of the 1 percent must be used by the county for transportation purposes and 37.5 percent must be distributed to cities and towns on a per capita basis and be used for transportation purposes. No MVET may be collected until six months after approval.

The legislative authority of each county shall convene a meeting with representatives of each city, town, and transit system located within the county for the purpose of establishing a collaborative process that will provide a framework for the adoption of a ballot measure.

A county has until December 31, 2013, to impose a MVET. Beginning on January 1, 2014, a transit system within that county may impose a MVET of up to one-half of the county's 1 percent.

Counties may waive the December 31, 2013, deadline, and transit systems may move forward before that date.

Any county that has implemented a congestion reduction charge under RCW 82.80.055 must expire the charge before the implementation date of the county MVET.

The existing vehicle valuation schedule in statute is being utilized at 85 percent of the manufacturer's suggested retail price that does not include vehicle options, freight, dealers charges, etc., instead of the last purchase price of the vehicle.

The DOL must administer and collect the tax. The DOL must deduct a percentage amount, as provided by contract, not to exceed 1 percent of the taxes collected, for the administration and collection expenses incurred by the DOL.

A county imposing a MVET must use the funds in a manner consistent with existing planning statutes.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2012.

Staff Summary of Public Testimony:

(In support) A county could impose a MVET based on a cooperative process.

There is a great need for local funding options. Communities need better funding tools that work for cities and transits. The students at the University of Washington have purchased transit passes and support the transit services. The greatest need is for stable funding sources at the local level which, hopefully, help to keep user fees at a reasonable level. This is an opportunity to help local government with transportation needs, which also includes walking and bicycling needs.

The congestion relief fee has really helped the City of Seattle. For King County, a councilmatic approval is recommended for the local MVET. King County Metro just experienced its second largest demand for service. With the decline of the sales tax revenue in King County, there is a shortfall of $60 million a year for the transit system. There is a need for a $70 to $75 million need in roadway preservation for King County per year. A 1 percent on an annual 1 percent MVET would be needed to cover these needs. These are common sense funding options. There are a lot of county needs and there is a letter signed by 14 cities in King County where this would help deal with transportation needs.

There is an issue with the MVET tables and it is recommended that the bill use the tables already in statute that were redone in 2006 to more accurately reflect the actually value of a vehicle. The DOL does not capture the data required to calculate the MVET based on the tables based on last purchase price.

Community Transit has had to cut 37 percent of their routes and have had a reduction of 206 jobs. The transit agency has raised fares twice, but with a downturn in sales tax collections, transits really need help in having a stable revenue base to restore some of the services lost. Many people rely on transit services, especially with 40 percent of Seattle commuting on transit every day. Transits are struggling to keep up with the current demand.

(With concerns) Vehicles for hire may be over valued since the vehicles are driven a lot more than an average vehicle. There are concerns about basing commercial vehicles being exempted at 6,000 pounds, when there are a lot of commercial vehicles under 6,000 pounds that should also be exempted, for example, for-hire vehicles.

(Opposed) Stakeholders are opposed to the local option gas tax because it makes it easier for the locals to implement this revenue option. Voters said no to increasing car tabs. The issue is that it is a regressive fee. The fees should be based on a user fee rather than on a fee that does not relate to usage. Stakeholders recommend eliminating the $20 councilmatic vehicle fee.

Persons Testifying: (In support) Tom Rasmussen, City of Seattle; Ashley Probart, Association of Washington Cities; Don Gerend, City of Sammamish and Association of Washington Cities; Doug Levy; Davor Gjurasic, Community Transit; Fred Jarrett, King County; Harold Tamiguchi, King County Department of Transportation; and Andrew Lewis, Associated Students - University of Washington.

(With concerns) Rob Johnson, Transportation Choices Coalition; Craig Benjamin, Cascade Bicycle Club; and Bruce Wishart, Sierra Club.

(Opposed) James Fricke, Capital Aeroporter; John Fox, Citizens Against Raising Our Car Tabs; and Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.