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By Representatives Liias, Fitzgibbon, Reykdal, Pettigrew, Moscoso, Ryu, Hunt, Billig, Ormsby, Moeller, Appleton, Pedersen, Carlyle, McCoy, and Frockt

Read first time 03/11/11. Referred to Committee on Transportation.

1 AN ACT Relating to local transit revenue; amending RCW 36.73.040;
2 adding a new chapter to Title 82 RCW; creating a new section;
3 prescribing penalties; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that local,
6 regional and intercity public transportation provides many economical,
7 social, and environmental benefits to the citizens of this state
8 including, but not limited to:

9 (a) Creating jobs associated with the design, construction, and
10 operation of transit systems;

11 (b) Providing transportation choices for commuters to reach their
12 jobs, homes, and destinations;

13 (c) Maintaining a competitive edge for Washington state to
14 companies and individuals considering relocation;

15 (d) Catalyzing the development of sustainable communities;

16 (e) Decreasing household expenses associated with personal vehicle
17 transportation and ownership;

18 (f) Providing transportation choices for vulnerable populations and
19 those unable to own or operate a personal vehicle;

1 (g) Decreasing greenhouse gas emissions associated with the
2 transportation sector;

3 (h) Decreasing air pollution-causing congestion on our roadways;
4 and

5 (i) Decreasing water pollution associated with storm water runoff.

6 (2) It is the intent of the legislature to provide robust state and
7 local funding options for the financing of capital improvements and
8 operations of local, regional, and intercity public transportation in
9 order to:

10 (a) Generate sufficient revenue to meet transit ridership and
11 projected demand;

12 (b) Allow diverse funding sources to withstand economic
13 fluctuations; and

14 (c) Provide local choices in revenue sources to meet the values and
15 economic profiles of local jurisdictions.

16 **Sec. 2.** RCW 36.73.040 and 2008 c 122 s 17 are each amended to read
17 as follows:

18 (1) A transportation benefit district is a quasi-municipal
19 corporation, an independent taxing "authority" within the meaning of
20 Article VII, section 1 of the state Constitution, and a "taxing
21 district" within the meaning of Article VII, section 2 of the state
22 Constitution.

23 (2) A transportation benefit district constitutes a body corporate
24 and possesses all the usual powers of a corporation for public purposes
25 as well as all other powers that may now or hereafter be specifically
26 conferred by statute, including, but not limited to, the authority to
27 hire employees, staff, and services, to enter into contracts, to
28 acquire, hold, and dispose of real and personal property, and to sue
29 and be sued. Public works contract limits applicable to the
30 jurisdiction that established the district apply to the district.

31 (3) To carry out the purposes of this chapter, and subject to the
32 provisions of RCW 36.73.065, a district is authorized to impose the
33 following taxes, fees, charges, and tolls:

34 (a) A sales and use tax in accordance with RCW 82.14.0455;

35 (b) A vehicle fee in accordance with RCW 82.80.140;

36 (c) A fee or charge in accordance with RCW 36.73.120. However, if
37 a county or city within the district area is levying a fee or charge

1 for a transportation improvement, the fee or charge (~~shall~~) must be
2 credited against the amount of the fee or charge imposed by the
3 district. Developments consisting of less than twenty residences are
4 exempt from the fee or charge under RCW 36.73.120; and

5 (d) Vehicle tolls on state routes, city streets, or county roads,
6 within the boundaries of the district(~~, unless otherwise prohibited by~~
7 ~~law. However, consistent with RCW 47.56.820, the vehicle toll must~~
8 ~~first be authorized by the legislature if the toll is imposed on a~~
9 ~~state route)). The department of transportation (~~shall~~) must
10 administer the collection of vehicle tolls authorized on state routes,
11 unless otherwise specified in law or by contract, and the state
12 transportation commission, or its successor, may approve, set, and
13 impose the tolls in amounts sufficient to implement the district's
14 transportation improvement finance plan. The district (~~shall~~) must
15 administer the collection of vehicle tolls authorized on city streets
16 or county roads, and shall set and impose the tolls in amounts
17 sufficient to implement the district's transportation improvement plan.
18 (~~However, consistent with RCW 47.56.850, the vehicle toll, including~~
19 ~~any change in an existing toll rate, must first be reviewed and~~
20 ~~approved by the tolling authority designated in RCW 47.56.850 if the~~
21 ~~toll, or change in toll rate, would have a significant impact, as~~
22 ~~determined by the tolling authority, on the operation of any state~~
23 ~~facility.))~~~~

24 NEW SECTION. **Sec. 3.** (1) The governing body of any public
25 transportation agency may submit an authorizing proposition to the
26 voters and, if approved, for the sole purpose of providing funds for
27 the operation, maintenance, or capital needs of a public transportation
28 agency or public transportation limited to persons with special needs
29 under RCW 36.57.130 and 36.57A.180, impose a vehicle license fee, which
30 may vary according to the miles traveled by the vehicle, on each
31 vehicle registered in the boundaries of the transportation agency
32 subject to vehicle license fees under RCW 46.17.350(1) (a), (d), (e),
33 (f), (g), (h), (j), (l), (n), (o), (p), or (q) and for each vehicle
34 subject to gross weight license fees under RCW 46.17.355 with an
35 unladen weight of six thousand pounds or less.

36 (2) A public transportation agency must contract with the

1 department as provided under subsection (6) of this section for the
2 collection of a vehicle license fee.

3 (3) A vehicle license fee imposed under this section may not be
4 assessed until six months after approval.

5 (4) A vehicle license fee imposed under this section applies only
6 for vehicle registration renewals and is effective upon the
7 registration renewal date as provided by the department.

8 (5) The following vehicles are exempt from the vehicle license fee
9 imposed under this section:

10 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and
11 46.04.181;

12 (b) Off-road vehicles as defined in RCW 46.04.365;

13 (c) Nonhighway vehicles as defined in RCW 46.09.310;

14 (d) Vehicles registered under chapter 46.87 RCW and the
15 international registration plan; and

16 (e) Snowmobiles as defined in RCW 46.04.546.

17 (6) Whenever the department enters into a contract with a public
18 transportation agency for the collection of vehicle license fees
19 authorized under subsection (1) of this section:

20 (a) The contract must require that the public transportation agency
21 provide any information specified by the department to identify the
22 vehicle owners who owe the vehicle license fees, and must specify that
23 it is the responsibility of the public transportation agency to ensure
24 that the vehicle license fees are appropriately applied;

25 (b) The department is not responsible for the collection of vehicle
26 license fees until a date agreed to by both parties as specified in the
27 contract;

28 (c) The department must deduct a percentage amount as provided in
29 the contract, not to exceed three percent of the fees collected,
30 necessary to reimburse the department for the costs incurred for the
31 collection of the vehicle license fees; and

32 (d) The department must remit remaining proceeds to the custody of
33 the state treasurer. The state treasurer must distribute the proceeds
34 to the public transportation agency on a monthly basis.

35 NEW SECTION. **Sec. 4.** (1) The governing body of any public
36 transportation agency may submit an authorizing proposition to the
37 voters and, if approved, for the sole purpose of providing funds for

1 the operation, maintenance, or capital needs of a public transportation
2 agency or public transportation limited to persons with special needs
3 under RCW 36.57.130 and 36.57A.180, impose a vehicle excise tax based
4 on fuel efficiency as measured by the estimated, combined (fifty-five
5 percent city and forty-five percent highway) fuel economy rating for
6 vehicles, as reported in the United States environmental protection
7 agency and United States department of energy "fuel economy guide"
8 since the 1978 model year.

9 (2) A public transportation agency must contract with the
10 department as provided under subsection (5) of this section for the
11 collection of a vehicle excise tax based on fuel efficiency.

12 (3) A vehicle excise tax based on fuel efficiency imposed under
13 this section may not be assessed until six months after approval.

14 (4) A vehicle excise tax based on fuel efficiency imposed under
15 this section applies only at the time of vehicle registration renewal
16 and is effective upon the registration renewal date as provided by the
17 department.

18 (5) Whenever the department enters into a contract with a public
19 transportation agency for the collection of vehicle excise taxes based
20 on fuel efficiency authorized under subsection (1) of this section:

21 (a) The contract must require that the public transportation agency
22 provide any information specified by the department to identify the
23 vehicle owners who owe vehicle excise taxes based on fuel efficiency,
24 and must specify that it is the responsibility of the public
25 transportation agency to ensure that the vehicle excise tax based on
26 fuel efficiency is appropriately applied;

27 (b) The department is not responsible for the collection of vehicle
28 excise taxes based on fuel efficiency until a date agreed to by both
29 parties as specified in the contract;

30 (c) The department must deduct a percentage amount as provided in
31 the contract, not to exceed three percent of the taxes collected,
32 necessary to reimburse the department for the costs incurred for the
33 collection of the vehicle excise tax based on fuel efficiency; and

34 (d) The department must remit remaining proceeds to the custody of
35 the state treasurer. The state treasurer must distribute the proceeds
36 to the public transportation agency on a monthly basis.

1 NEW SECTION. **Sec. 5.** (1) The legislative authority of any county
2 may submit an authorizing proposition to the voters and, if approved,
3 may fix and impose a tax at up to the rate specified in the authorizing
4 proposition on the selling price on the retail sale of motor vehicle
5 fuel and special fuel within the applicable jurisdiction solely for the
6 purpose of providing funds for the operation, maintenance, or capital
7 needs of a public transportation agency or public transportation
8 limited to persons with special needs under RCW 36.57.130 and
9 36.57A.180 that is located within the boundaries of the county.

10 (2) An election held under this section must be held not more than
11 twelve months before the date on which the proposed tax is to be
12 levied. The ballot setting forth the proposition must state the tax
13 rate that is proposed.

14 (3) The tax imposed in this section must be collected and paid to
15 the jurisdiction but once in respect to any motor vehicle fuel or
16 special fuel. This tax is in addition to any other tax authorized or
17 imposed by law.

18 (4) For purposes of this section, the following definitions apply:

19 (a) "Motor vehicle fuel" has the meaning given in RCW 82.36.010;

20 (b) "Special fuel" has the meaning given in RCW 82.38.020; and

21 (c) "Motor vehicle" has the meaning given in RCW 82.36.010.

22 NEW SECTION. **Sec. 6.** (1) For the privilege of using in this state
23 any motor vehicle, unless the motor vehicle is specifically exempted,
24 the governing body of any public transportation agency may submit an
25 authorizing proposition to the voters and, if approved, for the sole
26 purpose of providing funds for the operation, maintenance, or capital
27 needs of public transportation systems or public transportation limited
28 to persons with special needs under RCW 36.57.130 and 36.57A.180, fix
29 and impose a motor vehicle excise tax. The rate or rates, which may
30 vary according to the value of the motor vehicle, of any such tax may
31 not exceed the rate or rates specified in the authorizing proposition
32 on the value of every motor vehicle registered within the boundaries of
33 the public transportation agency for the privilege of using a motor
34 vehicle. Rental cars as defined in RCW 46.04.465 are exempt from the
35 taxes imposed by this section. Valuation of motor vehicles for
36 purposes of any motor vehicle excise tax imposed under this section
37 must be consistent with section 7 of this act.

1 (2) A motor vehicle excise tax imposed by a public transportation
2 agency does not take effect until at least six months after the passage
3 of the proposition authorizing the tax. Upon passage of the
4 proposition imposing a motor vehicle excise tax by a public
5 transportation agency, the agency shall immediately notify the
6 department.

7 (3) If a public transportation agency imposes a motor vehicle
8 excise tax, it must provide a credit against its tax imposed under
9 subsection (1) of this section for any preexisting motor vehicle excise
10 tax to the extent the total motor vehicle excise tax on a motor vehicle
11 would exceed one percent.

12 NEW SECTION. **Sec. 7.** (1) The tax on a truck-type power or
13 trailing unit shall equal the latest purchase price of the truck-type
14 power or trailing unit, excluding applicable federal excise taxes,
15 state and local sales or use taxes, transportation or shipping costs,
16 or preparatory or delivery costs, multiplied by the following
17 percentage based on year of service of the vehicle since the last sale.
18 The latest purchase year is considered the first year of service.

19	YEAR OF SERVICE	PERCENTAGE
20	1	100
21	2	81
22	3	67
23	4	55
24	5	45
25	6	37
26	7	30
27	8	25
28	9	20
29	10	16
30	11	13
31	12	11
32	13	9
33	14	7
34	15	3
35	16 or older	0

1 (2) The reissuance of title and registration for a truck-type power
2 or trailing unit because of the installation of body or special
3 equipment must be treated as a sale, and the value of the truck-type
4 power or trailing unit at that time, as determined by the department
5 from such information as may be available, is considered the latest
6 purchase price.

7 (3)(a) The tax on a motor vehicle, other than a truck-type power or
8 trailing unit, shall be the manufacturer's base suggested retail price
9 of the vehicle when first offered for sale as a new vehicle, excluding
10 any optional equipment, applicable federal excise taxes, state and
11 local sales or use taxes, transportation or shipping costs, or
12 preparatory or delivery costs, multiplied by the applicable percentage
13 listed in this subsection based on year of service of the vehicle.

14 (b) If the manufacturer's base suggested retail price is
15 unavailable or otherwise unascertainable at the time of initial
16 registration in this state, the department must determine a value
17 equivalent to a manufacturer's base suggested retail price by using any
18 information that may be available, including any guidebook, report, or
19 compendium of recognized standing in the automotive industry or the
20 selling price and year of sale of the vehicle. The department may use
21 an appraisal by the county assessor. In valuing a vehicle for which
22 the current value or selling price is not indicative of the value of
23 similar vehicles of the same year and model, the department must
24 establish a value that more closely represents the average value of
25 similar vehicles of the same year and model.

26 (c) To determine the tax of a vehicle under (a) or (b) of this
27 subsection, the department must multiply the amount determined in (a)
28 or (b) of this subsection by the following applicable percentage based
29 on the year of service of the vehicle:

30	YEAR OF SERVICE	PERCENTAGE
31	1	100
32	2	81
33	3	72
34	4	63
35	5	55
36	6	47

1	7	41
2	8	36
3	9	32
4	10	27
5	11	26
6	12	24
7	13	23
8	14	21
9	15	16
10	16 or older	10

11 (4) For purposes of this chapter, value excludes value attributable
12 to modifications of a motor vehicle and equipment that are designed to
13 facilitate the use or operation of the motor vehicle by a person with
14 a disability.

15 NEW SECTION. **Sec. 8.** The department must administer and collect
16 any motor vehicle excise tax imposed under section 6 of this act. A
17 public transportation agency imposing a motor vehicle excise tax must
18 enter into a contract with the department. The contract must contain
19 provisions that fully recover the costs to the department of licensing
20 for collection and administration of the fee and the payment of motor
21 vehicle excise tax refunds. The department must remit remaining
22 proceeds to the public transportation agency by the twentieth day
23 following the end of each calendar quarter.

24 NEW SECTION. **Sec. 9.** For the purposes of this chapter, unless the
25 context otherwise requires:

26 (1) "Department" means the department of licensing.

27 (2) "Motor vehicle" means all motor vehicles, trailers and
28 semitrailers used, or of the type designed primarily to be used, upon
29 the public streets and highways, for the convenience or pleasure of the
30 owner, or for the conveyance, for hire or otherwise, of persons or
31 property, including fixed loads and facilities for human habitation.

32 (3) "Motor vehicle" does not include (a) vehicles carrying exempt
33 licenses; (b) dock and warehouse tractors and their cars or trailers,
34 lumber carriers of the type known as spiders, and all other automotive
35 equipment not designed primarily for use upon public streets, or

1 highways; (c) motor vehicles or their trailers used entirely upon
2 private property; (d) travel trailers as defined in RCW 82.50.010; (e)
3 motor vehicles owned by nonresident military personnel of the armed
4 forces of the United States stationed in the state of Washington
5 provided personnel were also nonresident at the time of their entry
6 into military service; or (f) motor vehicles registered under the
7 provisions of the international registration plan under chapter 46.87
8 RCW.

9 (4) "Public transportation" means the transportation of passengers
10 and any incidental baggage by a public transportation agency or by any
11 service provider to a public transportation agency, together with
12 passenger terminals, access facilities, parking facilities, rights-of-
13 way, and street and road and other improvements or facilities to
14 provide for passenger and vehicular access to and from people-moving
15 facilities and systems.

16 (5)(a) "Public transportation agency" means any city exercising
17 authorities pursuant to RCW 35.92.060, any county which has created an
18 unincorporated transportation benefit area pursuant to RCW 36.57.100
19 and 36.57.110, any public transportation benefit area established
20 pursuant to RCW 36.57A.080 and 36.57A.090, any county transportation
21 authority established pursuant to chapter 36.57 RCW, and any
22 metropolitan municipal corporation within a county with a population of
23 one million or more established pursuant to chapter 35.58 RCW.

24 (b) After January 1, 2016, "public transportation agency" also
25 means any regional transit authority established pursuant to RCW
26 81.112.030.

27 (6) "Truck-type power or trailing unit" means any vehicle that is
28 subject to the fees under RCW 46.16A.455 except vehicles with an
29 unladen weight of ten thousand pounds or less, RCW 46.16A.425.

30 NEW SECTION. **Sec. 10.** (1)(a) For the purposes of this chapter, in
31 addition to the motor vehicle exclusions under section 9 of this act,
32 "motor vehicle" does not include passenger motor vehicles used
33 primarily for commuter ride sharing and ride sharing for persons with
34 special transportation needs, as defined in RCW 46.74.010. The
35 registered owner of one of these vehicles must notify the department of
36 licensing upon termination of primary use of the vehicle in commuter

1 ride sharing or ride sharing for persons with special transportation
2 needs and is liable for the tax imposed by this chapter, prorated on
3 the remaining months for which the vehicle is licensed.

4 (b) To qualify for the tax exemption in (a) of this subsection,
5 those passenger motor vehicles with five or six passengers, including
6 the driver, used for commuter ride-sharing, must be operated either
7 within the state's eight largest counties that are required to develop
8 commute trip reduction plans as directed by chapter 70.94 RCW or in
9 other counties, or cities and towns within those counties, that elect
10 to adopt and implement a commute trip reduction plan. Additionally at
11 least one of the following conditions must apply: (i) The vehicle must
12 be operated by a public transportation agency for the general public;
13 or (ii) the vehicle must be used by a major employer, as defined in RCW
14 70.94.524 as an element of its commute trip reduction program for their
15 employees; or (iii) the vehicle must be owned and operated by
16 individual employees and must be registered either with the employer as
17 part of its commute trip reduction program or with a public
18 transportation agency serving the area where the employees live or
19 work. Individual employee owned and operated motor vehicles require
20 certification that the vehicle is registered with a major employer or
21 a public transportation agency. Major employers who own and operate
22 motor vehicles for their employees must certify that the commuter ride-
23 sharing arrangement conforms to a carpool/vanpool element contained
24 within their commute trip reduction program.

25 (c) A public transportation agency may develop an exemption from
26 the motor vehicle excise tax for the registered owners of vehicles
27 residing within the boundaries of the public transportation agency who:
28 (i) Are sixty-two years old or older at the time payment of the tax is
29 due and whose household income for the previous calendar year is less
30 than an amount prescribed by the public transportation agency; or (ii)
31 have a physical disability.

32 NEW SECTION. **Sec. 11.** Any excise tax imposed under section 6 of
33 this act is due and payable to the department or its agents at the time
34 of registration renewal of a motor vehicle. Whenever an application is
35 made to the department or its agents for a license renewal for a motor
36 vehicle there must be collected, in addition to the amount of the

1 renewal license fee, the amount of any excise tax authorized by this
2 chapter. The excise tax must be collected each registration year.

3 NEW SECTION. **Sec. 12.** The county auditor or department must give
4 to each person paying any excise tax imposed under this chapter a
5 receipt which sufficiently designates and identifies the vehicle with
6 respect to which the tax is paid. The receipt may be incorporated in
7 the receipt given for the motor vehicle license fee.

8 NEW SECTION. **Sec. 13.** (1) Whenever any person has paid a motor
9 vehicle license fee, and any excise tax imposed under this chapter, and
10 the director determines that the payor is entitled to a refund of the
11 entire amount of the license fee as provided by law, then the payor is
12 also entitled to a refund of the entire excise tax collected under the
13 provisions of this chapter. In case the director determines that any
14 person is entitled to a refund of only a part of the license fee so
15 paid, the payor is entitled to a refund of the difference, if any,
16 between the excise tax collected and that which should have been
17 collected.

18 (2) In case no claim is to be made for the refund of the license
19 fee, but claim is made by any person that he or she has paid an
20 erroneously excessive amount of excise tax, the department must
21 determine in the manner generally provided in this chapter the amount
22 of the excess, if any, that has been paid and must certify to the state
23 treasurer that the person is entitled to a refund in such amount.

24 (3) In any case where due to error, a person has been required to
25 pay an excise tax pursuant to this chapter and a vehicle license fee
26 pursuant to Title 46 RCW which amounts to an overpayment of ten dollars
27 or more, the person is entitled to a refund of the entire amount of the
28 overpayment, regardless of whether or not a refund of the overpayment
29 has been requested. Conversely, if due to error, the department or its
30 agents has failed to collect the full amount of the license fee and
31 excise tax due, which underpayment is in the amount of ten dollars or
32 more, the department must charge and collect the additional amount as
33 will constitute full payment of the tax.

34 (4) Any claim for refund of an erroneously excessive amount of
35 excise tax or overpayment of excise tax with a motor vehicle license

1 fee must be filed with the director within three years after the
2 claimed erroneous payment was made.

3 (5) If the department approves the claim it must notify the state
4 treasurer to that effect, and the treasurer must make approved refunds
5 from the account to which any motor vehicle excise taxes collected
6 under this chapter are paid into and mail or deliver the same to the
7 person entitled thereto.

8 (6) If the department, under section 7 of this act, determines a
9 value of a motor vehicle or a truck-type power or trailing unit, any
10 person who pays the motor vehicle excise tax under this chapter for
11 that vehicle may appeal the valuation to the department under chapter
12 34.05 RCW. If the taxpayer is successful on appeal, the department
13 shall refund the excess tax in the manner provided in this section.

14 (7) Any person making any false statement under which he or she
15 obtains any amount of refund to which he or she is not entitled under
16 the provisions of this section is guilty of a gross misdemeanor.

17 NEW SECTION. **Sec. 14.** Any duties required by this chapter to be
18 performed by the county auditor may be performed by any other person
19 designated by the director of licensing and authorized by him or her to
20 receive motor vehicle license fees and issue receipt therefor.

21 NEW SECTION. **Sec. 15.** (1) A citizen advisory committee may be
22 created at the direction of any public transportation agency submitting
23 an authorizing proposition to the voters to implement any of the
24 revenue options authorized by this chapter. The public transportation
25 agency must appoint nine members to the committee, all of whom must be
26 permanent residents of the public transportation agency's service area.
27 Members of the committee must serve without receiving compensation.

28 (2) The citizen advisory committee must serve in an advisory
29 capacity to the public transportation agency on all matters related to
30 the imposition of one or more revenue options authorized by this
31 chapter including, but not limited to:

- 32 (a) The revenue option or options selected;
- 33 (b) The rate or amount of each revenue option; and
- 34 (c) The feasibility of providing discounts or exemptions.

35 (3) Any public transportation agency submitting an authorizing
36 proposition to the voters to implement any of the revenue options

1 authorized by this chapter must annually complete a report detailing
2 the expenditures of the proceeds of any revenue option or options
3 authorized by this chapter.

4 NEW SECTION. **Sec. 16.** Public transportation agencies are
5 authorized to pledge revenues from the vehicle license fee authorized
6 in section 3 of this act, the vehicle excise tax based on fuel
7 efficiency authorized in section 4 of this act, the sales tax
8 authorized in section 5 of this act, and the motor vehicle excise tax
9 authorized in section 6 of this act to the payment of general
10 obligation and revenue bonds issued for public transportation purposes.

11 NEW SECTION. **Sec. 17.** This chapter may be known and cited as the
12 local transit act.

13 NEW SECTION. **Sec. 18.** Sections 3 through 17 of this act
14 constitute a new chapter in Title 82 RCW.

15 NEW SECTION. **Sec. 19.** This act takes effect August 1, 2011.

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