
Transportation Committee

HB 1959

Brief Description: Concerning local transportation revenue.

Sponsors: Representatives Farrell, Fitzgibbon, Kagi, Pedersen, Bergquist, Pollet, Tarleton, Cody, Ryu and Fey.

Brief Summary of Bill

- Allows a transportation benefit district to impose a local annual vehicle fee of up to \$40 upon a majority vote of the governing body.
- Allows a county with a population of 1,000,000 or more to impose a motor vehicle excise tax (MVET) of up to 1.5 percent of the value of a vehicle with the approval of the voters or upon a majority vote of the county council.
- Requires 60 percent of the proceeds of the MVET to be used for public transportation systems and 40 percent to be distributed on a pro rate basis to cities, town, and the county for local roads.

Hearing Date: 2/25/13

Staff: David Munnecke (786-7315).

Background:

Transportation Benefit District.

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

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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.

Motor Vehicle Excise Tax.

A motor vehicle excise tax (MVET) is a tax paid on the value of a motor vehicle. For the purpose of determining any locally imposed MVET, the value of a vehicle other than a truck or trailer is 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. For the purpose of determining any locally imposed MVET, the value of a truck or trailer is 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 applicable percentage listed in the depreciation schedules based on year of service of the vehicle since last sale. The latest purchase year is considered the first year of service.

Summary of Bill:

A TBD is allowed to impose a local annual vehicle fee of up to \$40 upon a majority vote of the governing body.

A county with a population of 1,000,000 or more may impose an MVET with the approval of the voters or upon a majority vote of the county council. The MVET may be up to 1.5 percent of the value of the vehicle and may be imposed on all the vehicles within the county, except for trucks with an unladen weight of 6,000 pounds or more, farm vehicles, and commercial trailers.

Sixty percent of the net funds collected from the MVET must be used for the operation, maintenance, and capital needs of public transportation systems. Forty percent of the net funds from the MVET must be used for the operations and maintenance of local roads. These funds

must be distributed on a pro rata basis to the county and incorporated cities and towns within the county based on the population of the unincorporated areas of the county and the population of cities and towns as a percentage of the total population of the county.

A county imposing the MVET must contract, before the imposition of the MVET, with the Department of Licensing (DOL) for the administration and collection of the MVET. The DOL is required to deduct an amount from the MVET collections to cover its administration and collection expenses.

Appropriation: None.

Fiscal Note: Requested on February 22, 2013.

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