**5987-S.E AMS KING S3275.5 - NOT FOR FLOOR USE**

**ESSB 5987** - S AMD **499**

By Senators King, Hobbs

**ADOPTED 6/29/2015**

Strike everything after the enacting clause and insert the following:

**"PART I**

**MOTOR VEHICLE FUEL TAXES**

**Sec.**  RCW 82.36.025 and 2007 c 515 s 3 are each amended to read as follows:

(1) A motor vehicle fuel tax rate of twenty-three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(2) Beginning July 1, 2003, an additional and cumulative motor vehicle fuel tax rate of five cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative motor vehicle fuel tax rate of three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(4) Beginning July 1, 2006, an additional and cumulative motor vehicle fuel tax rate of three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(5) Beginning July 1, 2007, an additional and cumulative motor vehicle fuel tax rate of two cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(6) Beginning July 1, 2008, an additional and cumulative motor vehicle fuel tax rate of one and one-half cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(7) Beginning August 1, 2015, an additional and cumulative motor vehicle fuel tax rate of seven cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(8) Beginning July 1, 2016, an additional and cumulative motor vehicle fuel tax rate of four and nine-tenths cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

**Sec.**  RCW 82.38.030 and 2007 c 515 s 21 are each amended to read as follows:

(1) There is hereby levied and imposed upon special fuel licensees, other than special fuel distributors, a tax at the rate of twenty-three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of special fuel shall be imposed on special fuel licensees, other than special fuel distributors.

(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of special fuel shall be imposed on special fuel licensees, other than special fuel distributors.

(9) Taxes are imposed when:

(a) Special fuel is removed in this state from a terminal if the special fuel is removed at the rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is by a special fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Special fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the special fuel immediately before the removal is not a licensee; or

(ii) The removal is at the refinery rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is to a special fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Special fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensee; or

(ii) The entry is not by bulk transfer;

(d) Special fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the special fuel;

(e) Blended special fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended special fuel subject to tax is the difference between the total number of gallons of blended special fuel removed or sold and the number of gallons of previously taxed special fuel used to produce the blended special fuel;

(f) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the special fuel tax;

(g) Dyed special fuel is held for sale, sold, used, or is intended to be used in violation of this chapter;

(h) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; and

(i) Special fuel is sold by a licensed special fuel supplier to a special fuel distributor, special fuel importer, or special fuel blender and the special fuel is not removed from the bulk transfer-terminal system.

**Sec.**  RCW 82.38.030 and 2014 c 216 s 201 are each amended to read as follows:

(1) There is levied and imposed upon fuel licensees a tax at the rate of twenty-three cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)).

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)) is imposed on fuel licensees. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)) is imposed on fuel licensees.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)) is imposed on fuel licensees.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)) is imposed on fuel licensees.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per ((~~each~~)) gallon of fuel((~~, measured at standard pressure and temperature~~)) is imposed on fuel licensees.

(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of fuel is imposed on fuel licensees.

(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of fuel is imposed on fuel licensees.

(9) Taxes are imposed when:

(a) Fuel is removed in this state from a terminal if the fuel is removed at the rack unless the removal is by a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is by a fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the fuel immediately before the removal is not a licensed supplier; or

(ii) The removal is at the refinery rack unless the removal is to a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is to a licensed supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensed supplier; or

(ii) The entry is not by bulk transfer;

(d) Fuel enters this state by means outside the bulk transfer-terminal system and is delivered directly to a licensed terminal unless the owner is a licensed distributor or supplier;

(e) Fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the fuel;

(f) Blended fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended fuel subject to tax is the difference between the total number of gallons of blended fuel removed or sold and the number of gallons of previously taxed fuel used to produce the blended fuel;

(g) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the fuel tax;

(h) Dyed special fuel is held for sale, sold, used, or is intended to be used in violation of this chapter;

(i) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; and

(j) Fuel is sold by a licensed fuel supplier to a fuel distributor or fuel blender and the fuel is not removed from the bulk transfer-terminal system.

**Sec.**  RCW 46.68.090 and 2011 c 120 s 4 are each amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the motor vehicle fuel tax and special fuel tax shall be first expended for purposes enumerated in (a) and (b) of this subsection. The remaining net tax amount shall be distributed monthly by the state treasurer in accordance with subsections (2) through ((~~(7)~~)) (8) of this section.

(a) For payment of refunds of motor vehicle fuel tax and special fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the motor vehicle fuel tax and the special fuel tax, which sums shall be distributed monthly.

(2) All of the remaining net tax amount collected under RCW 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a) through (j) of this subsection.

(a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

(b) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

The following criteria, listed in order of priority, shall be used in determining which special category C projects have the highest priority:

(i) Accident experience;

(ii) Fatal accident experience;

(iii) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(iv) Continuity of development of the highway transportation network.

Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection (2)(b);

(c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

(d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

(e) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 7.5597 percent;

(f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

(g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

(h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there shall be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds shall be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and shall be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administration board shall adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

(j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

(3) The remaining net tax amount collected under RCW 82.36.025(2) and 82.38.030(2) shall be distributed to the transportation 2003 account (nickel account).

(4) The remaining net tax amount collected under RCW 82.36.025(3) and 82.38.030(3) shall be distributed as follows:

(a) 8.3333 percent shall be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent shall be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder shall be distributed to the transportation partnership account created in RCW 46.68.290.

(5) The remaining net tax amount collected under RCW 82.36.025(4) and 82.38.030(4) shall be distributed as follows:

(a) 8.3333 percent shall be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent shall be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder shall be distributed to the transportation partnership account created in RCW 46.68.290.

(6) The remaining net tax amount collected under RCW 82.36.025 (5) and (6) and 82.38.030 (5) and (6) shall be distributed to the transportation partnership account created in RCW 46.68.290.

(7) The remaining net tax amount collected under RCW 82.36.025 (7) and (8) and 82.38.030 (7) and (8) shall be distributed to the connecting Washington account created in section 106 of this act.

(8) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on ((~~motor vehicle fuel and special~~)) fuel((~~s~~)).

**Sec.**  RCW 46.68.090 and 2013 c 225 s 645 are each amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the ((~~motor vehicle fuel tax and special~~)) fuel tax must be first expended for purposes enumerated in (a) and (b) of this subsection. The remaining net tax amount must be distributed monthly by the state treasurer in accordance with subsections (2) through ((~~(7)~~)) (8) of this section.

(a) For payment of refunds of ((~~motor vehicle fuel tax and special~~)) fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the ((~~motor vehicle fuel tax and the special~~)) fuel tax, which sums must be distributed monthly.

(2) All of the remaining net tax amount collected under RCW 82.38.030(1) must be distributed as set forth in (a) through (j) of this subsection.

(a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

(b)(i) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

(ii) The following criteria, listed in order of priority, must be used in determining which special category C projects have the highest priority:

(A) Accident experience;

(B) Fatal accident experience;

(C) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(D) Continuity of development of the highway transportation network.

(iii) Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection (2)(b);

(c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

(d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

(e) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 7.5597 percent;

(f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

(g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

(h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there must be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds must be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and must be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administration board must adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

(j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

(3) The remaining net tax amount collected under RCW 82.38.030(2) must be distributed to the transportation 2003 account (nickel account).

(4) The remaining net tax amount collected under RCW 82.38.030(3) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(5) The remaining net tax amount collected under RCW 82.38.030(4) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(6) The remaining net tax amount collected under RCW 82.38.030 (5) and (6) must be distributed to the transportation partnership account created in RCW 46.68.290.

(7) The remaining net tax amount collected under RCW 82.38.030 (7) and (8) must be distributed to the connecting Washington account created in section 106 of this act.

(8) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on ((~~motor vehicle fuel and special~~)) fuel((~~s~~)).

NEW SECTION. **Sec.**  A new section is added to chapter 46.68 RCW to read as follows:

(1) The connecting Washington account is created in the motor vehicle fund. Moneys in the account may be spent only after appropriation. Expenditures from the account must be used only for projects or improvements identified as connecting Washington projects or improvements in a transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements.

(2) Moneys in the connecting Washington account may not be expended on the state route number 99 Alaskan Way viaduct replacement project.

**Sec.**  RCW 43.84.092 and 2014 c 112 s 106, 2014 c 74 s 5, and 2014 c 32 s 6 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec.**  RCW 43.84.092 and 2014 c 112 s 107, 2014 c 74 s 6, and 2014 c 32 s 7 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the Columbia river crossing project account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Nonhighway Refunds**

**Sec.**  RCW 46.09.520 and 2010 1st sp.s. c 37 s 936 and 2010 c 161 s 222 are each reenacted and amended to read as follows:

(1) From time to time, but at least once each year, the state treasurer shall refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.36 RCW, based on: (a) A tax rate of: ((~~(a)~~)) (i) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; ((~~(b)~~)) (ii) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ((~~(c)~~)) (iii) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ((~~(d)~~)) (iv) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ((~~and (e)~~)) (v) twenty-three cents per gallon of motor vehicle fuel ((~~beginning~~)) from July 1, 2011, through July 31, 2015; (vi) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (vii) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (b) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, ((~~and thereafter,~~)) less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer shall place these funds in the general fund as follows:

(a) Thirty-six percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent shall be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent shall be credited to the nonhighway and off-road vehicle activities program account to be administered by the board for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the board receives under RCW 46.68.045, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) shall be known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(iii) The board may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the board's project evaluation. Funds remaining after such a waiver must be allocated in accordance with board policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.68.045, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

(4) During the 2009-2011 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to the department of natural resources to install consistent off-road vehicle signage at department-managed recreation sites, and to implement the recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest, and to the state parks and recreation commission. The legislature finds that the appropriation of funds from the NOVA account during the 2009-2011 fiscal biennium for maintenance and operation of state parks or to improve accessibility for boaters and off-road vehicle users at state parks will benefit boaters and off-road vehicle users and others who use nonhighway and nonmotorized recreational facilities. The appropriations under this subsection are not required to follow the specific distribution specified in subsection (2) of this section.

**Sec.**  RCW 46.09.520 and 2015 2nd sp.s. c ... s 109 (section 109 of this act) and 2013 c 225 s 608 are each reenacted to read as follows:

(1) From time to time, but at least once each year, the state treasurer must refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.38 RCW, based on: (a) A tax rate of: (i) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; (ii) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; (iii) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; (iv) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; (v) twenty-three cents per gallon of motor vehicle fuel from July 1, 2011, through July 31, 2015; (vi) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (vii) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (b) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer must place these funds in the general fund as follows:

(a) Thirty-six percent must be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent must be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent must be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent must be credited to the nonhighway and off-road vehicle activities program account to be administered by the board for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection must be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the board receives under RCW 46.68.045, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) are known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(iii) The board may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the board's project evaluation. Funds remaining after such a waiver must be allocated in accordance with board policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.68.045, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

(4) During the 2009-2011 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to the department of natural resources to install consistent off-road vehicle signage at department-managed recreation sites, and to implement the recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest, and to the state parks and recreation commission. The legislature finds that the appropriation of funds from the NOVA account during the 2009-2011 fiscal biennium for maintenance and operation of state parks or to improve accessibility for boaters and off-road vehicle users at state parks will benefit boaters and off-road vehicle users and others who use nonhighway and nonmotorized recreational facilities. The appropriations under this subsection are not required to follow the specific distribution specified in subsection (2) of this section.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1) 2015 2nd sp.s. c ... (SHB 1738) s 2;

(2) 2015 2nd sp.s. c ... (SHB 1738) s 3; and

(3) 2015 2nd sp.s. c ... (SHB 1738) s 4.

**Sec.**  RCW 46.10.530 and 2003 c 361 s 408 are each amended to read as follows:

From time to time, but at least once each four years, the department shall determine the amount of moneys paid to it as motor vehicle fuel tax that is tax on snowmobile fuel. Such determination shall use one hundred thirty-five gallons as the average yearly fuel usage per snowmobile, the number of registered snowmobiles during the calendar year under determination, and: (1) A fuel tax rate of: ((~~(1)~~)) (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; ((~~(2)~~)) (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ((~~(3)~~)) (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ((~~(4)~~)) (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ((~~and (5)~~)) (e) twenty-three cents per gallon of motor vehicle fuel ((~~beginning~~)) from July 1, 2011((~~, and thereafter~~)), through July 31, 2015; (f) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (g) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (2) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase.

**Sec.**  RCW 79A.25.070 and 2010 c 23 s 3 are each amended to read as follows:

Upon expiration of the time limited by RCW 82.36.330 for claiming of refunds of tax on marine fuel, the state of Washington shall succeed to the right to such refunds. The director of licensing, after taking into account past and anticipated claims for refunds from and deposits to the marine fuel tax refund account, shall request the state treasurer to transfer monthly from the marine fuel tax refund account an amount equal to the proportion of the moneys in the account representing: (1) A motor vehicle fuel tax rate of: ((~~(1)~~)) (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; ((~~(2)~~)) (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ((~~(3)~~)) (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ((~~(4)~~)) (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ((~~and (5)~~)) (e) twenty-three cents per gallon of motor vehicle fuel ((~~beginning~~)) from July 1, 2011((~~, and thereafter~~)), through July 31, 2015; (f) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (g) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (2) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, to the recreation resource account and the remainder to the motor vehicle fund.

**Handling Loss Deduction**

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1) RCW 82.36.029 (Deductions—Handling losses—Reports) and 1998 c 176 s 10; and

(2) RCW 82.38.083 (Deductions—Handling losses—Reports) and 2013 c 225 s 205.

**PART II**

**FEES**

**License Fees By Weight & Freight Project Fee**

**Sec.**  RCW 46.17.355 and 2011 c 171 s 61 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

|  |  |  |
| --- | --- | --- |
| WEIGHT | SCHEDULE A | SCHEDULE B |
| 4,000 pounds | $ 38.00 | $ 38.00 |
| 6,000 pounds | $ 48.00 | $ 48.00 |
| 8,000 pounds | $ 58.00 | $ 58.00 |
| 10,000 pounds | $ 60.00 | $ 60.00 |
| 12,000 pounds | $ 77.00 | $ 77.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(b) For vehicle registrations that are due or become due on or after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

|  |  |  |
| --- | --- | --- |
| WEIGHT | SCHEDULE A | SCHEDULE B |
| 4,000 pounds | $ 53.00 | $ 53.00 |
| 6,000 pounds | $ 73.00 | $ 73.00 |
| 8,000 pounds | $ 93.00 | $ 93.00 |
| 10,000 pounds | $ 93.00 | $ 93.00 |
| 12,000 pounds | $ 81.00 | $ 81.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection (6) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

(6) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

(7) For vehicle registrations that are due or become due on or after July 1, 2022, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be distributed under RCW 46.68.035.

**Passenger Vehicle Weight Fees**

**Sec.**  RCW 46.17.365 and 2010 c 161 s 533 are each amended to read as follows:

(1) A person applying for a motor vehicle registration and paying the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h), (j), (n), and (o) shall pay a motor vehicle weight fee in addition to all other fees and taxes required by law.

(a) For vehicle registrations that are due or become due before July 1, 2016, the motor vehicle weight fee:

((~~(a)~~)) (i) Must be based on the motor vehicle scale weight;

((~~(b)~~)) (ii) Is the difference determined by subtracting the vehicle license fee required in RCW 46.17.350 from the license fee in Schedule B of RCW 46.17.355, plus two dollars; and

((~~(c)~~)) (iii) Must be distributed under RCW 46.68.415.

(b) For vehicle registrations that are due or become due on or after July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight as follows:

|  |  |
| --- | --- |
| WEIGHT | FEE |
| 4,000 pounds | $ 25.00 |
| 6,000 pounds | $ 45.00 |
| 8,000 pounds | $ 65.00 |
| 16,000 pounds and over | $ 72.00; |

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b)(i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b)(iii)(A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under section 106 of this act.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be distributed to the multimodal transportation account under RCW 47.66.070 unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(4) The department shall:

(a) Rely on motor vehicle empty scale weights provided by vehicle manufacturers, or other sources defined by the department, to determine the weight of each motor vehicle; and

(b) Adopt rules for determining weight for vehicles without manufacturer empty scale weights.

**Electric Vehicle Fee**

**Sec.**  RCW 46.17.323 and 2012 c 74 s 10 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for ((~~an electric~~)) a vehicle that both (a) uses ((~~propulsion units powered solely by~~)) at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred dollar fee in addition to any other fees and taxes required by law. The one hundred dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to((~~:~~))

((~~(a)~~)) a vehicle that is designed to have the capability to drive at a speed of more than thirty‑five miles per hour((~~; and~~

~~(b) An annual vehicle registration renewal that is due on or after February 1, 2013~~)).

(3)(a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.

(b) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

(i) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

(ii) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

(iii) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

(4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.

(b) The fee required under (a) of this subsection must be distributed as follows:

(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and

(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.

(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.

NEW SECTION. **Sec.**  Section 203 of this act applies to vehicle registrations that are due or become due on or after July 1, 2016.

NEW SECTION. **Sec.**  2012 c 74 s 11 (uncodified) is repealed.

**Commercial Driver's License Fees**

**Sec.**  RCW 46.25.052 and 2013 c 224 s 5 are each amended to read as follows:

(1) The department may issue a CLP to an applicant who is at least eighteen years of age and holds a valid Washington state driver's license and who has:

(a) Submitted an application on a form or in a format provided by the department;

(b) Passed the general knowledge examination required for issuance of a CDL under RCW 46.25.060 for the commercial motor vehicle classification in which the applicant operates or expects to operate; and

(c) Paid the appropriate examination fee or fees and an application fee of ten dollars until June 30, 2016, and forty dollars beginning July 1, 2016.

(2) A CLP must be marked "commercial learner's permit" or "CLP," and must be, to the maximum extent practicable, tamperproof. Other than a photograph of the applicant, it must include, but not be limited to, the information required on a CDL under RCW 46.25.080(1).

(3) The holder of a CLP may drive a commercial motor vehicle on a highway only when in possession of a valid driver's license and accompanied by the holder of a valid CDL who has the proper CDL classification and endorsement or endorsements necessary to operate the commercial motor vehicle. The CDL holder must at all times be physically present in the front seat of the vehicle next to the CLP holder or, in the case of a passenger vehicle, directly behind or in the first row behind the driver and must have the CLP holder under observation and direct supervision.

(4) A CLP may be classified in the same manner as a CDL under RCW 46.25.080(2)(a).

(5) CLPs may be issued with only P, S, or N endorsements as described in RCW 46.25.080(2)(b).

(a) The holder of a CLP with a P endorsement must have taken and passed the P endorsement knowledge examination. The holder of a CLP with a P endorsement is prohibited from operating a commercial motor vehicle carrying passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section. The P endorsement must be class specific.

(b) The holder of a CLP with an S endorsement must have taken and passed the S endorsement knowledge examination. The holder of a CLP with an S endorsement is prohibited from operating a school bus with passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section.

(c) The holder of a CLP with an N endorsement must have taken and passed the N endorsement knowledge examination. The holder of a CLP with an N endorsement may only operate an empty tank vehicle and is prohibited from operating any tank vehicle that previously contained hazardous materials and has not been purged of any residue.

(6) A CLP may be issued with appropriate restrictions as described in RCW 46.25.080(2)(c). In addition, a CLP may be issued with the following restrictions:

(a) "P" restricts the driver from operating a bus with passengers;

(b) "X" restricts the driver from operating a tank vehicle that contains cargo; and

(c) Any restriction as established by rule of the department.

(7) The holder of a CLP is not authorized to operate a commercial motor vehicle transporting hazardous materials.

(8) A CLP may not be issued for a period to exceed one hundred eighty days. The department may renew the CLP for one additional one hundred eighty-day period without requiring the CLP holder to retake the general and endorsement knowledge examinations.

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 206 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 46.25.060 and 2013 c 224 s 6 are each amended to read as follows:

(1)(a) No person may be issued a commercial driver's license unless that person:

(i) Is a resident of this state;

(ii) Has successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the director or has been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely;

(iii) If he or she does not hold a valid commercial driver's license of the appropriate classification, has been issued a commercial learner's permit under RCW 46.25.052; and

(iv) Has passed a knowledge and skills examination for driving a commercial motor vehicle that complies with minimum federal standards established by federal regulation enumerated in 49 C.F.R. Part 383, subparts F, G, and H, in addition to other requirements imposed by state law or federal regulation. The department may not allow the person to take the skills examination during the first fourteen days after initial issuance of the person's commercial learner's permit. The examinations must be prescribed and conducted by the department.

(b) In addition to the fee charged for issuance or renewal of any license, the applicant shall pay a fee of no more than ten dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, for ((~~each~~)) the classified knowledge examination, classified endorsement knowledge examination, or any combination of classified license and endorsement knowledge examinations. The applicant shall pay a fee of no more than one hundred dollars until June 30, 2016, and two hundred fifty dollars beginning July 1, 2016, for each classified skill examination or combination of classified skill examinations conducted by the department.

(c) The department may authorize a person, including an agency of this or another state, an employer, a private driver training facility, or other private institution, or a department, agency, or instrumentality of local government, to administer the skills examination specified by this section under the following conditions:

(i) The examination is the same which would otherwise be administered by the state;

(ii) The third party has entered into an agreement with the state that complies with the requirements of 49 C.F.R. Sec. 383.75; and

(iii) The director has adopted rules as to the third party testing program and the development and justification for fees charged by any third party.

(d) If the applicant's primary use of a commercial driver's license is for any of the following, then the applicant shall pay a fee of no more than seventy-five dollars until June 30, 2016, and two hundred twenty-five dollars beginning July 1, 2016, for ((~~each~~)) the classified skill examination or combination of classified skill examinations whether conducted by the department or a third-party tester:

(i) Public benefit not-for-profit corporations that are federally supported head start programs; or

(ii) Public benefit not-for-profit corporations that support early childhood education and assistance programs as described in RCW 43.215.405(2).

(e) Beginning July 1, 2016, if the applicant's primary use of a commercial driver's license is to drive a school bus, the applicant shall pay a fee of no more than one hundred dollars for the classified skill examination or combination of classified skill examinations conducted by the department.

(f) Beginning July 1, 2016, payment of the examination fees under this subsection entitles the applicant to take the examination up to two times in order to pass.

(2)(a) The department may waive the skills examination and the requirement for completion of a course of instruction in the operation of a commercial motor vehicle specified in this section for a commercial driver's license applicant who meets the requirements of 49 C.F.R. Sec. 383.77.

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department shall submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course of business primarily transports:

(i) Farm machinery, farm equipment, implements of husbandry, farm supplies, and materials used in farming;

(ii) Agricultural inputs, such as seed, feed, fertilizer, and crop protection products;

(iii) Unprocessed agricultural commodities, as defined in RCW 17.21.020, where such commodities are produced by farmers, ranchers, vineyardists, or orchardists; or

(iv) Any combination of (b)(i) through (iii) of this subsection.

The department shall notify the transportation committees of the legislature if the federal government takes action affecting the exemption provided in this subsection (2)(b).

(3) A commercial driver's license or commercial learner's permit may not be issued to a person while the person is subject to a disqualification from driving a commercial motor vehicle, or while the person's driver's license is suspended, revoked, or canceled in any state, nor may a commercial driver's license be issued to a person who has a commercial driver's license issued by any other state unless the person first surrenders all such licenses, which must be returned to the issuing state for cancellation.

(4) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 207 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 46.25.100 and 2013 c 224 s 12 are each amended to read as follows:

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person shall demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 208 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Enhanced Driver's License & Identicard Fees**

**Sec.**  RCW 46.20.202 and 2007 c 7 s 1 are each amended to read as follows:

(1) The department may enter into a memorandum of understanding with any federal agency for the purposes of facilitating the crossing of the border between the state of Washington and the Canadian province of British Columbia.

(2) The department may enter into an agreement with the Canadian province of British Columbia for the purposes of implementing a border-crossing initiative.

(3)(a) The department may issue an enhanced driver's license or identicard for the purposes of crossing the border between the state of Washington and the Canadian province of British Columbia to an applicant who provides the department with proof of: United States citizenship, identity, and state residency. The department shall continue to offer a standard driver's license and identicard. If the department chooses to issue an enhanced driver's license, the department must allow each applicant to choose between a standard driver's license or identicard, or an enhanced driver's license or identicard.

(b) The department shall implement a one-to-many biometric matching system for the enhanced driver's license or identicard. An applicant for an enhanced driver's license or identicard shall submit a biometric identifier as designated by the department. The biometric identifier must be used solely for the purpose of verifying the identity of the holders and for any purpose set out in RCW 46.20.037. Applicants are required to sign a declaration acknowledging their understanding of the one-to-many biometric match.

(c) The enhanced driver's license or identicard must include reasonable security measures to protect the privacy of Washington state residents, including reasonable safeguards to protect against unauthorized disclosure of data about Washington state residents. If the enhanced driver's license or identicard includes a radio frequency identification chip, or similar technology, the department shall ensure that the technology is encrypted or otherwise secure from unauthorized data access.

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identicard. The department shall adopt such rules as necessary to meet the requirements of this subsection. From time to time the department shall review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identicards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

(e) Notwithstanding RCW 46.20.118, the department may make images associated with enhanced drivers' licenses or identicards from the negative file available to United States customs and border agents for the purposes of verifying identity.

(4) ((~~The department may set a fee for the issuance of enhanced drivers' licenses and identicards under this section.~~)) Beginning July 1, 2016, the fee for an enhanced driver's license or enhanced identicard is fifty-four dollars, which is in addition to the fees for any regular driver's license or identicard. If the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period other than six years, the fee for each class is nine dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended.

(5) The enhanced driver's license and enhanced identicard fee under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 209 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Studded Tire Fee**

NEW SECTION. **Sec.**  A new section is added to chapter 46.37 RCW to read as follows:

Beginning July 1, 2016:

(1)(a) In addition to all other fees imposed on the retail sale of tires, a five dollar fee is imposed on the retail sale of each new tire sold that contains studs. For the purposes of this subsection, "new tire sold that contains studs" means a tire that is manufactured for vehicle purposes and contains metal studs, and does not include bicycle tires or retreaded vehicle tires.

(b) The five dollar fee must be paid by the buyer to the seller, and each seller must collect from the buyer the full amount of the fee. The fee collected from the buyer by the seller must be paid to the department of revenue in accordance with RCW 82.32.045; however, the seller retains ten percent of the fee collected.

(c) The portion of the fee paid to the department of revenue under (b) of this subsection must be deposited in the motor vehicle fund created under RCW 46.68.070.

(2) The fee to be collected by the seller, less the ten percent that the seller retains as specified in subsection (1)(b) of this section, must be held in trust by the seller until paid to the department of revenue, and any seller who appropriates or converts the fee collected to any use other than the payment of the fee on the due date is guilty of a gross misdemeanor.

(3) Any seller that fails to collect the fee imposed under this section or, having collected the fee, fails to pay it to the department of revenue by the date due, whether such failure is the result of the seller or the result of acts or conditions beyond the seller's control, is personally liable to the state for the amount of the fee.

(4) The amount of the fee, until paid by the buyer to the seller or to the department of revenue, constitutes a debt from the buyer to the seller. Any seller who fails or refuses to collect the fee as required with the intent to violate this section or to gain some advantage or benefit and any buyer who refuses to pay the fee due is guilty of a misdemeanor.

(5) The department of revenue must collect on the business excise tax return from the businesses selling new tires that contain studs at retail the number of tires sold and the fee imposed under this section. The department of revenue must incorporate into its audit cycle a reconciliation of the number of tires sold and the amount of revenue collected by the businesses selling new tires that contain studs.

(6) All other applicable provisions of chapter 82.32 RCW have full force and application with respect to the fee imposed under this section.

(7) The department of revenue must administer this section.

**Service Fees Due on Title and Registration Transactions**

**Sec.**  RCW 46.17.050 and 2014 c 59 s 3 are each amended to read as follows:

(1) Until June 30, 2017, before accepting a report of sale filed under RCW 46.12.650(2), the county auditor or other agent or subagent appointed by the director shall require the applicant to pay:

((~~(1)~~)) (a) The filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, and the license service fee under RCW 46.17.025 to the county auditor or other agent; and

((~~(2)~~)) (b) The service fee under RCW 46.17.040(1)(b) to the subagent.

(2)(a) Beginning July 1, 2017, before accepting a report of sale filed under RCW 46.12.650(2), the department, county auditor or other agent, or subagent appointed by the director shall require the applicant to pay the filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, the license service fee under RCW 46.17.025, and the service fee under RCW 46.17.040(1)(b).

(b) Services fees collected under (a) of this subsection by the department or county auditor or other agent appointed by the director must be credited to the capital vessel replacement account under RCW 47.60.322.

**Sec.**  RCW 46.17.060 and 2014 c 59 s 4 are each amended to read as follows:

(1) Until June 30, 2017, before accepting a transitional ownership record filed under RCW 46.12.660, the county auditor or other agent or subagent appointed by the director shall require the applicant to pay:

((~~(1)~~)) (a) The filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, and the license service fee under RCW 46.17.025 to the county auditor or other agent; and

((~~(2)~~)) (b) The service fee under RCW 46.17.040(1)(b) to the subagent.

(2)(a) Beginning July 1, 2017, before accepting a transitional ownership record filed under RCW 46.12.660, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant to pay the filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, the license service fee under RCW 46.17.025, and the service fee under RCW 46.17.040(1)(b).

(b) Services fees collected under (a) of this subsection by the department or county auditor or other agent appointed by the director must be credited to the capital vessel replacement account under RCW 47.60.322.

**Sec.**  RCW 47.60.322 and 2014 c 59 s 1 are each amended to read as follows:

(1) The capital vessel replacement account is created in the motor vehicle fund. All revenues generated from the vessel replacement surcharge under RCW 47.60.315(7) and service fees collected by the department of licensing or county auditor or other agent appointed by the director under RCW 46.17.040, 46.17.050, and 46.17.060 must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. However, expenditures from the account must first be used to support the construction or purchase, including any applicable financing costs, of a ferry vessel with a carrying capacity of at least one hundred forty-four cars.

(2) The state treasurer may ((~~not~~)) transfer ((~~any~~)) moneys from the capital vessel replacement account ((~~except~~)) to the transportation 2003 account (nickel account) for debt service on bonds issued for the construction of 144-car class ferry vessels.

(3) The legislature may transfer from the capital vessel replacement account to the connecting Washington account created under section 106 of this act such amounts as reflect the excess fund balance of the capital vessel replacement account to be used for ferry terminal construction and preservation.

**Sec.**  RCW 46.12.650 and 2010 c 161 s 309 are each amended to read as follows:

(1) **Releasing interest.** An owner releasing interest in a vehicle shall:

(a) Sign the release of interest section provided on the certificate of title or on a release of interest document or form approved by the department;

(b) Give the certificate of title or most recent evidence of ownership to the person gaining the interest in the vehicle;

(c) Give the person gaining interest in the vehicle an odometer disclosure statement if one is required; and

(d) Report the vehicle sold as provided in subsection (2) of this section.

(2) **Report of sale.** An owner shall notify the department, county auditor or other agent, or subagent appointed by the director in writing within ((~~five~~)) twenty-one business days after a vehicle is or has been:

(a) Sold;

(b) Given as a gift to another person;

(c) Traded, either privately or to a dealership;

(d) Donated to charity;

(e) Turned over to an insurance company or wrecking yard; or

(f) Disposed of.

(3) **Report of sale properly filed.** A report of sale is properly filed if it is received by the department, county auditor or other agent, or subagent appointed by the director within ((~~five~~)) twenty-one business days after the date of sale or transfer and it includes:

(a) The date of sale or transfer;

(b) The owner's name and address;

(c) The name and address of the person acquiring the vehicle;

(d) The vehicle identification number and license plate number;

(e) A date or stamp by the department showing it was received on or before the ((~~fifth~~)) twenty-first business day after the date of sale or transfer; and

(f) Payment of the fees required under RCW 46.17.050 ((~~if the report of sale is processed by a county auditor or other agent or subagent appointed by the director~~)).

(4) **Report of sale - administration.** (a) The department shall:

((~~(a)~~)) (i) Provide or approve reports of sale forms;

((~~(b)~~)) (ii) Provide a system enabling an owner to submit reports of sale electronically;

((~~(c)~~)) (iii) Immediately update the department's vehicle record when a report of sale has been filed;

((~~(d)~~)) (iv) Provide instructions on release of interest forms that allow the seller of a vehicle to release their interest in a vehicle at the same time a financial institution, as defined in RCW ((~~30.22.040~~)) 30A.22.040, releases its lien on the vehicle; and

((~~(e)~~)) (v) Send a report to the department of revenue that lists vehicles for which a report of sale has been received but no transfer of ownership has taken place. The department shall send the report once each quarter.

(b) A report of sale that is received by the department, county auditor or other agent, or subagent appointed by the director after the twenty-first day becomes effective on the day it is received by the department, county auditor or other agent, or subagent appointed by the director.

(5)(a) **Transferring ownership.** A person who has recently acquired a vehicle by purchase, exchange, gift, lease, inheritance, or legal action shall apply to the department, county auditor or other agent, or subagent appointed by the director for a new certificate of title within fifteen days of delivery of the vehicle. A secured party who has possession of the certificate of title shall either:

(i) Apply for a new certificate of title on behalf of the owner and pay the fee required under RCW 46.17.100; or

(ii) Provide all required documents to the owner, as long as the transfer was not a breach of its security agreement, to allow the owner to apply for a new certificate of title.

(b) Compliance with this subsection does not affect the rights of the secured party.

(6) **Certificate of title delivered to secured party.** The certificate of title must be kept by or delivered to the person who becomes the secured party when a security interest is reserved or created at the time of the transfer of ownership. The parties must comply with RCW 46.12.675.

(7) **Penalty for late transfer.** A person who has recently acquired a motor vehicle by purchase, exchange, gift, lease, inheritance, or legal action who does not apply for a new certificate of title within fifteen calendar days of delivery of the vehicle is charged a penalty, as described in RCW 46.17.140, when applying for a new certificate of title. It is a misdemeanor to fail or neglect to apply for a transfer of ownership within forty-five days after delivery of the vehicle. The misdemeanor is a single continuing offense for each day that passes regardless of the number of days that have elapsed following the forty-five day time period.

(8) **Penalty for late transfer - exceptions.** The penalty is not charged if the delay in application is due to at least one of the following:

(a) The department requests additional supporting documents;

(b) The department, county auditor or other agent, or subagent fails to perform or is neglectful;

(c) The owner is prevented from applying due to an illness or extended hospitalization;

(d) The legal owner fails or neglects to release interest;

(e) The owner did not know of the filing of a report of sale by the previous owner and signs an affidavit to the fact; or

(f) The department finds other conditions exist that adequately explain the delay.

(9) **Review and issue.** The department shall review applications for certificates of title and issue certificates of title when it has determined that all applicable provisions of law have been complied with.

(10) **Rules.** The department may adopt rules as necessary to implement this section.

**Sec.**  RCW 88.02.560 and 2011 c 171 s 129 are each amended to read as follows:

(1) An application for a vessel registration must be made by the owner or the owner's authorized representative to the department, county auditor or other agent, or subagent appointed by the director on a form furnished or approved by the department. The application must contain:

(a) The name and address of each owner of the vessel;

(b) Other information the department may require; and

(c) The signature of at least one owner.

(2) The application for vessel registration must be accompanied by the:

(a) Vessel registration fee required under RCW 88.02.640(1)((~~(i)~~)) (k);

(b) Derelict vessel and invasive species removal fee under RCW 88.02.640((~~(3)~~)) (1)(b) and derelict vessel removal surcharge required under RCW 88.02.640((~~(4)~~)) (1)(c);

(c) Filing fee required under RCW 88.02.640(1)((~~(e)~~)) (f);

(d) License plate technology fee required under RCW 88.02.640(1)((~~(f)~~)) (g);

(e) License service fee required under RCW 88.02.640(1)((~~(g)~~)) (h); ((~~and~~))

(f) Watercraft excise tax required under chapter 82.49 RCW; and

(g) Beginning January 1, 2016, service fee required under RCW 46.17.040.

(3) Upon receipt of an application for vessel registration and the required fees and taxes, the department shall assign a registration number and issue a decal for each vessel. The registration number and decal must be issued and affixed to the vessel in a manner prescribed by the department consistent with the standard numbering system for vessels required in 33 C.F.R. Part 174. A valid decal affixed as prescribed must indicate compliance with the annual registration requirements of this chapter.

(4) Vessel registrations and decals are valid for a period of one year, except that the director may extend or diminish vessel registration periods and vessel decals for the purpose of staggered renewal periods. For registration periods of more or less than one year, the department may collect prorated annual registration fees and excise taxes based upon the number of months in the registration period.

(5) Vessel registrations are renewable every year in a manner prescribed by the department upon payment of the fees and taxes described in subsection (2) of this section. Upon renewing a vessel registration, the department shall issue a new decal to be affixed as prescribed by the department.

(6) When the department issues either a notice to renew a vessel registration or a decal for a new or renewed vessel registration, it shall also provide information on the location of marine oil recycling tanks and sewage holding tank pumping stations. This information must be provided to the department by the state parks and recreation commission in a form ready for distribution. The form must be developed and prepared by the state parks and recreation commission with the cooperation of the department of ecology. The department, the state parks and recreation commission, and the department of ecology shall enter into a memorandum of agreement to implement this process.

(7) A person acquiring a vessel from a dealer or a vessel already validly registered under this chapter shall, within fifteen days of the acquisition or purchase of the vessel, apply to the department, county auditor or other agent, or subagent appointed by the director for transfer of the vessel registration, and the application must be accompanied by a transfer fee as required in RCW 88.02.640(1)((~~(l)~~)) (o).

**Sec.**  RCW 88.02.640 and 2013 c 291 s 1 are each amended to read as follows:

(1) In addition to any other fees and taxes required by law, the department, county auditor or other agent, or subagent appointed by the director shall charge the following vessel fees and surcharge:

|  |  |  |  |
| --- | --- | --- | --- |
| FEE | AMOUNT | AUTHORITY | DISTRIBUTION |
| (a) Dealer temporary permit | $5.00 | RCW 88.02.800(2) | General fund |
| (b) Derelict vessel and invasive species removal | Subsection (3) of this section | Subsection (3) of this section | Subsection (3) of this section |
| (c) Derelict vessel removal surcharge | $1.00 | Subsection (4) of this section | Subsection (4) of this section |
| (d) Duplicate certificate of title | $1.25 | RCW 88.02.530(1)(c) | General fund |
| (e) Duplicate registration | $1.25 | RCW 88.02.590(1)(c) | General fund |
| (f) Filing | RCW 46.17.005 | RCW 88.02.560(2) | RCW 46.68.400 |
| (g) License plate technology | RCW 46.17.015 | RCW 88.02.560(2) | RCW 46.68.370 |
| (h) License service | RCW 46.17.025 | RCW 88.02.560(2) | RCW 46.68.220 |
| (i) Nonresident vessel permit | $25.00 | RCW 88.02.620(3) | Subsection (5) of this section |
| (j) Quick title service | $50.00 | RCW 88.02.540(3) | Subsection (7) of this section |
| (k) Registration | $10.50 | RCW 88.02.560(2) | RCW 88.02.650 |
| (l) Replacement decal | $1.25 | RCW 88.02.595(1)(c) | General fund |
| (m) Service fee | RCW 46.17.040 | RCW 88.02.515 and 88.02.560(2) | RCW 46.17.040 |
| (n) Title application | $5.00 | RCW 88.02.515 | General fund |
| ((~~(n)~~)) (o) Transfer | $1.00 | RCW 88.02.560(7) | General fund |
| ((~~(o)~~)) (p) Vessel visitor permit | $30.00 | RCW 88.02.610(3) | Subsection (6) of this section |

(2) The five dollar dealer temporary permit fee required in subsection (1) of this section must be credited to the payment of registration fees at the time application for registration is made.

(3) The derelict vessel and invasive species removal fee required in subsection (1) of this section is five dollars and must be distributed as follows:

(a) One dollar and fifty cents must be deposited in the aquatic invasive species prevention account created in RCW 77.12.879;

(b) One dollar must be deposited into the aquatic algae control account created in RCW 43.21A.667;

(c) Fifty cents must be deposited into the aquatic invasive species enforcement account created in RCW 43.43.400; and

(d) Two dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100.

(4) In addition to other fees required in this section, an annual derelict vessel removal surcharge of one dollar must be charged with each vessel registration. The surcharge is to address the significant backlog of derelict vessels accumulated in Washington waters that pose a threat to the health and safety of the people and to the environment and must be deposited into the derelict vessel removal account created in RCW 79.100.100.

(5) The twenty-five dollar nonresident vessel permit fee must be paid by the vessel owner to the department for the cost of providing the identification document by the department. Any moneys remaining from the fee after the payment of costs must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650.

(6) The thirty dollar vessel visitor permit fee must be distributed as follows:

(a) Five dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100;

(b) The department may keep an amount to cover costs for providing the vessel visitor permit;

(c) Any moneys remaining must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650; and

(d) Any fees required for licensing agents under RCW 46.17.005 are in addition to any other fee or tax due for the titling and registration of vessels.

(7)(a) The fifty dollar quick title service fee must be distributed as follows:

(i) If the fee is paid to the director, the fee must be deposited to the general fund.

(ii) If the fee is paid to the participating county auditor or other agent or subagent appointed by the director, twenty-five dollars must be deposited to the general fund. The remainder must be retained by the county treasurer in the same manner as other fees collected by the county auditor.

(b) For the purposes of this subsection, "quick title" has the same meaning as in RCW 88.02.540.

(8) The department, county auditor or other agent, or subagent appointed by the director shall charge the service fee under subsection (1)(m) of this section beginning January 1, 2016.

**PART III**

**LOCAL TRANSPORTATION REVENUE**

**Transportation Benefit Districts**

NEW SECTION. **Sec.**  Any city or county in which a transportation benefit district has been established pursuant to chapter 36.73 RCW with boundaries coterminous with the boundaries of the city or county may by ordinance or resolution of the city or county legislative authority assume the rights, powers, functions, and obligations of the transportation benefit district in accordance with this chapter.

NEW SECTION. **Sec.**  (1) The assumption of the rights, powers, functions, and obligations of a transportation benefit district may be initiated by the adoption of an ordinance or a resolution by the city or county legislative authority indicating its intention to conduct a hearing concerning the assumption of such rights, powers, functions, and obligations. If the city or county legislative authority adopts such an ordinance or a resolution of intention, the ordinance or resolution must set a time and place at which the city or county legislative authority will consider the proposed assumption of the rights, powers, functions, and obligations of the transportation benefit district, and must state that all persons interested may appear and be heard. The ordinance or resolution of intention must be published at least two times during the two weeks preceding the scheduled hearing in newspapers of daily general circulation printed or published in the city or county in which the transportation benefit district is to be located.

(2) At the time scheduled for the hearing in the ordinance or resolution of intention, the city or county legislative authority must consider the assumption of the rights, powers, functions, and obligations of the transportation benefit district and hear those appearing and all protests and objections to it. The city or county legislative authority may continue the hearing from time to time, not exceeding sixty days in all.

NEW SECTION. **Sec.**  (1) If, after receiving testimony, the city or county legislative authority determines that the public interest or welfare would be satisfied by the city or county assuming the rights, powers, immunities, functions, and obligations of the transportation benefit district, the city or county legislative authority may declare that to be its intent and assume such rights, powers, immunities, functions, and obligations by ordinance or resolution, providing that the city or county is vested with every right, power, immunity, function, and obligation currently granted to or possessed by the transportation benefit district.

(2) Upon assumption of the rights, powers, immunities, functions, and obligations of the transportation benefit district by the city or county, the governing body established pursuant to RCW 36.73.020 must be abolished and the city or county legislative authority is vested with all rights, powers, immunities, functions, and obligations otherwise vested by law in the governing board of the transportation benefit district.

NEW SECTION. **Sec.**  No transfer of any function made pursuant to this chapter may be construed to impair or alter any existing rights acquired under chapter 36.73 RCW or any other provision of law relating to transportation benefit districts, nor as impairing or altering any actions, activities, or proceedings validated thereunder, nor as impairing or altering any civil or criminal proceedings instituted thereunder, nor any rule, regulation, or order promulgated thereunder, nor any administrative action taken thereunder; and neither the assumption of control of any transportation benefit district function by a city or county, nor any transfer of rights, powers, functions, and obligations as provided in this chapter, may impair or alter the validity of any act performed by such transportation benefit district or division thereof or any officer thereof prior to the assumption of such rights, powers, functions, and obligations by any city or county as authorized under this chapter.

NEW SECTION. **Sec.**  (1) All rules and regulations and all pending business before the board of any transportation benefit district transferred pursuant to this chapter must be continued and acted upon by the city or county.

(2) All existing contracts and obligations of the transferred transportation benefit district remain in full force and effect and must be performed by the city or county. A transfer authorized in this chapter does not affect the validity of any official act performed by any official or employee prior to the transfer authorized pursuant to this chapter.

NEW SECTION. **Sec.**  (1) All reports, documents, surveys, books, records, files, papers, or other writings relating to the administration of the powers, duties, and functions transferred pursuant to this chapter and available to the transportation benefit district must be made available to the city or county.

(2) All funds, credits, or other assets held in connection with powers, duties, and functions transferred under this chapter must be assigned to the city or county.

(3) Any appropriations or federal grant made to the transportation benefit district for the purpose of carrying out the rights, powers, functions, and obligations authorized to be assumed by a city or county pursuant to this chapter, on the effective date of such transfer, must be credited to the city or county for the purpose of carrying out such transferred rights, powers, functions, and obligations.

NEW SECTION. **Sec.**  The city or county must assume and agree to provide for the payment of all of the indebtedness of the transportation benefit district, including the payment and retirement of outstanding general obligation and revenue bonds issued by the transportation benefit district.

NEW SECTION. **Sec.**  Sections 301 through 307 of this act constitute a new chapter in Title 36 RCW.

**Sec.**  RCW 36.73.065 and 2012 c 152 s 3 are each amended to read as follows:

(1) Except as provided in subsection (4) of this section, taxes, fees, charges, and tolls may not be imposed by a district without approval of a majority of the voters in the district voting on a proposition at a general or special election. The proposition must include a specific description of: (a) The transportation improvement or improvements proposed by the district; (b) any rebate program proposed to be established under RCW 36.73.067; and (c) the proposed taxes, fees, charges, and the range of tolls imposed by the district to raise revenue to fund the improvement or improvements or rebate program, as applicable.

(2) Voter approval under this section must be accorded substantial weight regarding the validity of a transportation improvement as defined in RCW 36.73.015.

(3) A district may not increase any taxes, fees, charges, or range of tolls imposed or change a rebate program under this chapter once the taxes, fees, charges, tolls, or rebate program takes effect, ((~~unless~~)) except:

(a) If authorized by the district voters pursuant to RCW 36.73.160;

(b) With respect to a change in a rebate program, a material change policy adopted pursuant to RCW 36.73.160 is followed and the change does not reduce the percentage level or rebate amount;

(c) For up to forty dollars of the vehicle fee authorized in RCW 82.80.140 by the governing board of the district if a vehicle fee of twenty dollars has been imposed for at least twenty-four months; or

(d) For up to fifty dollars of the vehicle fee authorized in RCW 82.80.140 by the governing board of the district if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section.

(4)(a) A district that includes all 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 the following fees and charges:

(i) Up to twenty dollars of the vehicle fee authorized in RCW 82.80.140; ((~~or~~))

(ii) Up to forty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of twenty dollars has been imposed for at least twenty-four months;

(iii) Up to fifty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section; or

(iv) A fee or charge in accordance with RCW 36.73.120.

(b) The vehicle fee authorized in (a) of this subsection may only be imposed for a passenger-only ferry transportation improvement if the vehicle fee is first approved by a majority of the voters within the jurisdiction of the district.

(c)(i) A district solely comprised of a city or cities ((~~shall~~)) may not impose the fees or charges identified in (a) of this subsection within one hundred eighty days after July 22, 2007, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection within the one hundred eighty-day period; or

(ii) A district solely comprised of a city or cities identified in RCW 36.73.020(6)(b) may not impose the fees or charges until after May 22, 2008, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection through May 22, 2008.

(5) If the interlocal agreement in RCW 82.80.140(2)(a) cannot be reached, a district that includes only the unincorporated territory of a county may impose by a majority vote of the governing body of the district up to: (a) Twenty dollars of the vehicle fee authorized in RCW 82.80.140, (b) forty dollars of the vehicle fee authorized in RCW 82.80.140 if a fee of twenty dollars has been imposed for at least twenty-four months, or (c) fifty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section.

(6) If a district intends to impose a vehicle fee of more than forty dollars by a majority vote of the governing body of the district, the governing body must publish notice of this intention, in one or more newspapers of general circulation within the district, by April 1st of the year in which the vehicle fee is to be imposed. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the district for the office of the governor at the last preceding gubernatorial election, the county auditor must canvass the signatures in the same manner as prescribed in RCW 29A.72.230 and certify their sufficiency to the governing body within two weeks. The proposition to impose the vehicle fee must then be submitted to the voters of the district at a special election, called for this purpose, no later than the date on which a primary election would be held under RCW 29A.04.311. The vehicle fee may then be imposed only if approved by a majority of the voters of the district voting on the proposition.

**Sec.**  RCW 82.80.140 and 2010 c 161 s 917 are each amended to read as follows:

(1) Subject to the provisions of RCW 36.73.065, a transportation benefit district under chapter 36.73 RCW may fix and impose an annual vehicle fee, not to exceed one hundred dollars per vehicle registered in the district, for each vehicle subject to vehicle license fees under RCW 46.17.350(1) (a), (c), (d), (e), (g), (h), (j), or (n) through (q) and for each vehicle subject to gross weight license fees under RCW 46.17.355 with a scale weight of six thousand pounds or less.

(2)(a) A district that includes all 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 up to: (i) Twenty dollars of the vehicle fee authorized in subsection (1) of this section, (ii) forty dollars of the vehicle fee authorized in subsection (1) of this section if a twenty dollar vehicle fee has been imposed for at least twenty-four months, or (iii) fifty dollars of the vehicle fee authorized in subsection (1) of this section if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of RCW 36.73.065(6).

If the district is countywide, the revenues of the fee ((~~shall~~)) must be distributed to each city within the ((~~county~~)) district by interlocal agreement. The interlocal agreement is effective when approved by the ((~~county~~)) district and sixty percent of the cities representing seventy-five percent of the population of the cities within the ((~~county~~)) district in which the countywide fee is collected.

(b) A district may not impose a fee under this subsection (2):

(i) For a passenger-only ferry transportation improvement unless the vehicle fee is first approved by a majority of the voters within the jurisdiction of the district; or

(ii) That, if combined with the fees previously imposed by another district within its boundaries under RCW 36.73.065(4)(a)(i), exceeds ((~~twenty~~)) fifty dollars.

If a district imposes or increases a fee under this subsection (2) that, if combined with the fees previously imposed by another district within its boundaries, exceeds ((~~twenty~~)) fifty dollars, the district shall provide a credit for the previously imposed fees so that the combined vehicle fee does not exceed ((~~twenty~~)) fifty dollars.

(3) The department of licensing shall administer and collect the fee. The department shall deduct a percentage amount, as provided by contract, not to exceed one percent of the fees collected, for administration and collection expenses incurred by it. The department shall remit remaining proceeds to the custody of the state treasurer. The state treasurer shall distribute the proceeds to the district on a monthly basis.

(4) No fee under this section may be collected until six months after approval under RCW 36.73.065.

(5) The vehicle fee under this section applies only when renewing a vehicle registration, and is effective upon the registration renewal date as provided by the department of licensing.

(6) The following vehicles are exempt from the fee under this section:

(a) Campers, as defined in RCW 46.04.085;

(b) Farm tractors or farm vehicles, as defined in RCW 46.04.180 and 46.04.181;

(c) Mopeds, as defined in RCW 46.04.304;

(d) Off-road and nonhighway vehicles, as defined in RCW 46.04.365;

(e) Private use single-axle trailer, as defined in RCW 46.04.422;

(f) Snowmobiles, as defined in RCW 46.04.546; and

(g) Vehicles registered under chapter 46.87 RCW and the international registration plan.

**Sec.**  RCW 36.73.015 and 2012 c 152 s 1 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "City" means a city or town.

(2) "District" means a transportation benefit district created under this chapter.

(3) "Low-income" means household income set by the district creating the rebate program that is at or below ((~~forty-five~~)) seventy-five percent of the median household income, adjusted for household size, for the district in which the fees, taxes, or tolls were imposed.

(4) "Rebate program" means an optional program established by a transportation benefit district that includes a city with a population of five hundred thousand persons or more for the purpose of providing rebates to low‑income individuals for fees, taxes, and/or tolls imposed by such transportation benefit district for: (a) Vehicle fees imposed under RCW 36.73.040(3)(b); (b) sales and use taxes imposed under RCW 36.73.040(3)(a); and/or (c) tolls imposed under RCW 36.73.040(3)(d).

(5) "Supplemental transportation improvement" or "supplemental improvement" means any project, work, or undertaking to provide public transportation service, in addition to a district's existing or planned voter-approved transportation improvements, proposed by a participating city member of the district under RCW 36.73.180.

(6) "Transportation improvement" means a project contained in the transportation plan of the state, a regional transportation planning organization, city, county, or eligible jurisdiction as identified in RCW 36.73.020(2). A project may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs.

**Community Transit Sales Tax**

**Sec.**  RCW 82.14.045 and 2008 c 86 s 102 are each amended to read as follows:

(1) The legislative body of any city pursuant to RCW 35.92.060, of any county which has created an unincorporated transportation benefit area pursuant to RCW 36.57.100 and 36.57.110, of any public transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090, of any county transportation authority established pursuant to chapter 36.57 RCW, and of any metropolitan municipal corporation within a county with a population of one million or more pursuant to chapter 35.58 RCW, may, by resolution or ordinance for the sole purpose of providing funds for the operation, maintenance, or capital needs of public transportation systems or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and in lieu of the excise taxes authorized by RCW 35.95.040, submit an authorizing proposition to the voters or include such authorization in a proposition to perform the function of public transportation or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and if approved by a majority of persons voting thereon, impose a sales and use tax in accordance with the terms of this chapter. Where an authorizing proposition is submitted by a county on behalf of an unincorporated transportation benefit area, it shall be voted upon by the voters residing within the boundaries of such unincorporated transportation benefit area and, if approved, the sales and use tax shall be imposed only within such area. Notwithstanding any provisions of this section to the contrary, any county in which a county public transportation plan has been adopted pursuant to RCW 36.57.070 and the voters of such county have authorized the imposition of a sales and use tax pursuant to the provisions of section 10, chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be authorized to fix and impose a sales and use tax as provided in this section at not to exceed the rate so authorized without additional approval of the voters of such county as otherwise required by this section.

The tax authorized by this section shall be in addition to the tax authorized by RCW 82.14.030 and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within such city, public transportation benefit area, county, or metropolitan municipal corporation as the case may be. The rate of such tax shall be one-tenth, two-tenths, three-tenths, four-tenths, five-tenths, six-tenths, seven-tenths, eight-tenths, or nine-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax shall not exceed the rate authorized by the voters unless such increase shall be similarly approved.

(2)(a) In the event a metropolitan municipal corporation imposes a sales and use tax pursuant to this chapter no city, county which has created an unincorporated transportation benefit area, public transportation benefit area authority, or county transportation authority wholly within such metropolitan municipal corporation shall be empowered to impose and/or collect taxes under RCW 35.95.040 or this section, but nothing herein shall prevent such city or county from imposing sales and use taxes pursuant to any other authorization.

(b) In the event a county transportation authority imposes a sales and use tax under this section, no city, county which has created an unincorporated transportation benefit area, public transportation benefit area, or metropolitan municipal corporation, located within the territory of the authority, shall be empowered to impose or collect taxes under RCW 35.95.040 or this section.

(c) In the event a public transportation benefit area imposes a sales and use tax under this section, no city, county which has created an unincorporated transportation benefit area, or metropolitan municipal corporation, located wholly or partly within the territory of the public transportation benefit area, shall be empowered to impose or collect taxes under RCW 35.95.040 or this section.

(3) The legislative body of a public transportation benefit area located in a county with a population of seven hundred thousand or more that also contains a city with a population of seventy-five thousand or more operating a transit system pursuant to chapter 35.95 RCW may submit an authorizing proposition to the voters and, if approved by a majority of persons voting on the proposition, impose a sales and use tax in accordance with the terms of this chapter of one-tenth, two-tenths, or three-tenths of one percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax, in addition to the rate in subsection (1) of this section.

**Passenger-Only Ferry Service Districts**

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) A governing body of a public transportation benefit area, located in a county that only borders the western side of Puget Sound with a population of more than two hundred thousand and contains one or more Washington state ferries terminals, may establish one or more passenger-only ferry service districts within all or a portion of the boundaries of the public transportation benefit area establishing the passenger-only ferry service district. A passenger-only ferry service district may include all or a portion of a city or town as long as all or a portion of the city or town boundaries are within the boundaries of the establishing public transportation benefit area. The members of the public transportation benefit area governing body proposing to establish the passenger-only ferry service district, acting ex officio and independently, constitutes the governing body of the passenger-only ferry service district.

(2) A passenger-only ferry service district may establish, finance, and provide passenger-only ferry service, and associated services to support and augment passenger-only ferry service operation, within its boundaries in the same manner as authorized for public transportation benefit areas under this chapter.

(3) A passenger-only ferry service district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may be conferred by statute including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the public transportation benefit area that established the passenger-only ferry service district apply to the district. For purposes of this section, "passenger-only ferry service district" means a quasi-municipal corporation and independent taxing authority within the meaning of Article VII, section 1 of the state Constitution, and a taxing district within the meaning of Article VII, section 2 of the state Constitution, created by the legislative body of a public transportation benefit area.

(4) Before a passenger-only ferry service district may provide passenger-only ferry service, it must develop a passenger-only ferry investment plan, including elements: To operate or contract for the operation of passenger-only ferry services; to purchase, lease, or rent ferry vessels and dock facilities for the provision of transit service; and to identify other activities necessary to implement the plan. The plan must set forth terminal locations to be served, projected costs of providing services, and revenues to be generated from tolls, locally collected tax revenues, and other revenue sources. The plan must ensure that services provided under the plan are for the benefit of the residents of the passenger-only ferry service district. The passenger-only ferry service district may use any of its powers to carry out this purpose, unless otherwise prohibited by law. In addition, the passenger-only ferry service district may enter into: Contracts and agreements to operate passenger-only ferry service; public-private partnerships; and design-build, general contractor/construction management, or other alternative procurement processes substantially consistent with chapter 39.10 RCW.

(5) A passenger-only ferry service district may be dissolved by a majority vote of the governing body when all obligations under any general obligation bonds issued by the passenger-only ferry service district have been discharged and any other contractual obligations of the passenger-only ferry service district have either been discharged or assumed by another governmental entity.

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) A passenger-only ferry service district may, as part of a passenger-only ferry investment plan, recommend some or all of the following revenue sources as provided in this chapter:

(a) A sales and use tax, as authorized in section 315 of this act;

(b) A parking tax, as authorized in section 316 of this act;

(c) Tolls for passengers, packages, and, where applicable, parking; and

(d) Charges or licensing fees for advertising, leasing space for services to ferry passengers, and other revenue generating activities.

(2) Taxes may not be imposed without an affirmative vote of the majority of the voters within the boundaries of the passenger-only ferry service district voting on a single ballot proposition to both approve a passenger-only ferry investment plan and to approve taxes to implement the plan. Revenues from these taxes and fees may be used only to implement the plan and must be used for the benefit of the residents of the passenger-only ferry service district. A district must contract with the department of revenue for the administration and collection of a sales and use tax as authorized in section 315 of this act. A district may contract with other appropriate entities for the administration and collection of any of the other taxes or charges authorized in this section.

NEW SECTION. **Sec.**  A new section is added to chapter 82.14 RCW to read as follows:

(1) Passenger-only ferry service districts providing passenger-only ferry service as provided in section 313 of this act may submit an authorizing proposition to the voters and, if approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter, solely for the purpose of providing passenger-only ferry service and associated services to support and augment passenger-only ferry service operation.

(2) The tax authorized under this section is in addition to other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of a taxable event within the taxing district. The maximum rate of the tax must be approved by the voters and may not exceed three-tenths of one percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax.

NEW SECTION. **Sec.**  A new section is added to chapter 82.80 RCW to read as follows:

(1) Subject to the conditions of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a parking tax on all persons engaged in a commercial parking business within its respective jurisdiction.

(2) In lieu of the tax in subsection (1) of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business. The passenger-only ferry service district may provide that:

(a) The tax is paid by the operator or owner of the motor vehicle;

(b) The tax applies to all parking for which a fee is paid, whether paid or leased, including parking supplied with a lease of nonresidential space;

(c) The tax is collected by the operator of the facility and remitted to the city, county, or passenger-only ferry service district;

(d) The tax is a fee per vehicle or is measured by the parking charge;

(e) The tax rate varies with zoning or location of the facility, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other reasonable factors; and

(f) Tax exempt carpools, vehicles with special license plates and parking placards for persons with disabilities, or government vehicles are exempt from the tax.

(3) The rate of the tax under subsection (1) of this section may be based either upon gross proceeds or the number of vehicle stalls available for commercial parking use. The rates charged must be uniform for the same class or type of commercial parking business.

(4) The passenger-only ferry service district levying the tax provided for in subsection (1) or (2) of this section may provide for its payment on a monthly, quarterly, or annual basis.

(5) The proceeds of the parking tax imposed by a passenger-only ferry service district under subsection (1) or (2) of this section must be used as provided in section 314 of this act.

(6) "Commercial parking business" as used in this section, means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) To carry out the purposes of this chapter, a passenger-only ferry service district may issue general obligation bonds, not to exceed an amount, together with any other outstanding nonvoter-approved general obligation indebtedness, equal to one and one-half percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015. A passenger-only ferry service district may also issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to five percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015, when authorized by the voters of the area pursuant to Article VIII, section 6 of the state Constitution.

(2) General obligation bonds with a maturity in excess of twenty-five years may not be issued. The governing body of the passenger-only ferry service district must by resolution determine for each general obligation bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued, or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. Refunding general obligation bonds may be issued in the same manner as general obligation bonds are issued.

(3) Whenever general obligation bonds are issued to fund specific projects or enterprises that generate revenues, charges, user fees, or special assessments, the passenger-only ferry service district may specifically pledge all or a portion of the revenues, charges, user fees, or special assessments to refund the general obligation bonds. The passenger-only ferry service district may also pledge any other revenues that may be available to the district.

(4) In addition to general obligation bonds, a passenger-only ferry service district may issue revenue bonds to be issued and sold in accordance with chapter 39.46 RCW.

**Sound Transit Funding - ST3**

**Sec.**  RCW 81.104.140 and 2002 c 56 s 202 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, ((~~and~~)) 81.104.170, and section 321 of this act, are authorized only for agencies located in (a) each county with a population of two hundred ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

(a) Acceptability;

(b) Ease of administration;

(c) Equity;

(d) Implementation feasibility;

(e) Revenue reliability; and

(f) Revenue yield.

(4)(a) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

((~~(a)~~)) (i) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;

((~~(b)~~)) (ii) Special motor vehicle excise tax as provided in RCW 81.104.160; ((~~and~~

~~(c)~~)) (iii) Regular property tax as provided in section 321 of this act; and

(iv) Sales and use tax as provided in RCW 81.104.170.

(b) Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, ((~~and~~)) 81.104.170, and section 321 of this act, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No construction on exclusive right‑of‑way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Except for the regular property tax authorized in section 321 of this act, the authorization in subsection (4) of this section ((~~shall~~)) may not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions ((~~shall~~)) must retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Except for the regular property tax authorized in section 321 of this act, agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, ((~~and~~)) 81.104.170 ((~~shall be~~)), and section 321 of this act are subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title ((~~shall~~)) must reference the document identified in subsection (8) of this section.

(8) Agencies ((~~shall~~)) must provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It ((~~shall~~)) must also describe the relationship of the system to regional issues such as development density at station locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document ((~~shall~~)) must be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet ((~~shall~~)) must be produced as provided in chapter ((~~29.81A~~)) 29A.32 RCW.

(10)(a) Agencies providing high capacity transportation service ((~~shall~~)) must retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

(b) A regional transit authority that imposes a motor vehicle excise tax after the effective date of this section, imposes a property tax, or increases a sales and use tax to more than nine-tenths of one percent must undertake a process in which the authority's board formally considers inclusion of the name, Scott White, in the naming convention associated with either the University of Washington or Roosevelt stations.

**Sec.**  RCW 81.104.160 and 2010 c 161 s 903 are each amended to read as follows:

(1) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding eight-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before the effective date of this section if the tax will terminate on the date bond debt to which the tax is pledged is repaid. This tax does not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after the effective date of this section must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax ((~~shall~~)) may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax ((~~shall be~~)) is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of RCW 81.104.160(1) shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

**Sec.**  RCW 81.104.170 and 2009 c 469 s 106 and 2009 c 280 s 5 are each reenacted and amended to read as follows:

(1) Cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, high capacity transportation corridor areas, and regional transit authorities may submit an authorizing proposition to the voters and if approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter, solely for the purpose of providing high capacity transportation service.

(2) The tax authorized pursuant to this section ((~~shall be~~)) is in addition to the tax authorized by RCW 82.14.030 and ((~~shall~~)) must be collected from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the taxing district.

(a) Except for the tax imposed under (b) of this subsection by regional transit authorities that include a county with a population of more than one million five hundred thousand, the maximum rate of such tax ((~~shall~~)) must be approved by the voters and ((~~shall~~)) may not exceed one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The maximum rate of such tax that may be imposed ((~~shall~~)) may not exceed nine-tenths of one percent in any county that imposes a tax under RCW 82.14.340, or within a regional transit authority if any county within the authority imposes a tax under RCW 82.14.340.

(b) The maximum rate of such tax that may be imposed by a regional transit authority that includes a county with a population of more than one million five hundred thousand must be approved by the voters and may not exceed 1.4 percent. If a regional transit authority imposes the tax authorized under this subsection (2)(b) in excess of 0.9 percent, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

(3)(a) The exemptions in RCW 82.08.820 and 82.12.820 are for the state portion of the sales and use tax and do not extend to the tax authorized in this section.

(b) The exemptions in RCW 82.08.962 and 82.12.962 are for the state and local sales and use taxes and include the tax authorized by this section.

NEW SECTION. **Sec.**  A new section is added to chapter 81.104 RCW to read as follows:

(1) A regional transit authority that includes a county with a population of more than one million five hundred thousand may impose a regular property tax levy in an amount not to exceed twenty-five cents per thousand dollars of the assessed value of property in the regional transit authority district in accordance with the terms of this section.

(2) Any tax imposed under this section must be used for the purpose of providing high capacity transportation service, as set forth in a proposition that is approved by a majority of the registered voters that vote on the proposition.

(3) Property taxes imposed under this section may be imposed for the period of time required to pay the cost to plan, design, construct, operate, and maintain the transit facilities set forth in the approved proposition. Property taxes pledged to repay bonds may be imposed at the pledged amount until the bonds are retired. After the bonds are retired, property taxes authorized under this section must be:

(a) Reduced to the level required to operate and maintain the regional transit authority's transit facilities; or

(b) Terminated, unless the taxes have been extended by public vote.

(4) The limitations in RCW 84.52.043 do not apply to the tax authorized in this section.

(5) The limitation in RCW 84.55.010 does not apply to the first levy imposed under this section.

(6) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

**Sec.**  RCW 84.52.043 and 2011 c 275 s 2 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levy by the state may not exceed three dollars and sixty cents per thousand dollars of assessed value adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed one dollar and eighty cents per thousand dollars of assessed value; (c) the levy by any road district may not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and (d) the levy by any city or town may not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; ((~~and~~)) (k) the protected portion of the levies imposed under RCW 86.15.160 by flood control zone districts in a county with a population of seven hundred seventy-five thousand or more that are coextensive with a county; and (l) levies imposed by a regional transit authority under section 321 of this act.

**Sec.**  RCW 84.52.043 and 2015 c 170 s 4 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levy by the state may not exceed three dollars and sixty cents per thousand dollars of assessed value adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed one dollar and eighty cents per thousand dollars of assessed value; (c) the levy by any road district may not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and (d) the levy by any city or town may not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; ((~~and~~)) (k) the portion of the levy by flood control zone districts that are protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015); and (l) levies imposed by a regional transit authority under section 321 of this act.

**Sec.**  RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each amended to read as follows:

(1) Except as is permitted under RCW 84.55.050, all taxes must be levied or voted in specific amounts.

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

(3) When a county assessor finds that the aggregate rate of tax levy on any property, that is subject to the limitations set forth in RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either of these sections, the assessor must recompute and establish a consolidated levy in the following manner:

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, 84.52.140, and the protected portion of the levy under RCW 86.15.160 by flood control zone districts in a county with a population of seven hundred seventy-five thousand or more that are coextensive with a county, the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) The portion of the levy by a metropolitan park district that has a population of less than one hundred fifty thousand and is located in a county with a population of one million five hundred thousand or more that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the protected portion of the levy imposed under RCW 86.15.160 by a flood control zone district in a county with a population of seven hundred seventy-five thousand or more that is coextensive with a county must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(v) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.135 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vi) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a ferry district under RCW 36.54.130 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a metropolitan park district with a population of one hundred fifty thousand or more that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of thirty cents per thousand dollars of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

(ix) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the thirty cents per thousand dollars of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated.

(b) The certified rates of tax levy subject to these limitations by all junior taxing districts imposing taxes on such property must be reduced or eliminated as follows to bring the consolidated levy of taxes on such property within the provisions of these limitations:

(i) First, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under RCW 84.52.815 must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts, and the first fifty cent per thousand dollars of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first fifty cent per thousand dollars of assessed valuation levy, and public hospital districts under their first fifty cent per thousand dollars of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

**Sec.**  RCW 84.52.010 and 2015 c 170 s 2 are each amended to read as follows:

(1) Except as is permitted under RCW 84.55.050, all taxes must be levied or voted in specific amounts.

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

(3) When a county assessor finds that the aggregate rate of tax levy on any property, that is subject to the limitations set forth in RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either of these sections, the assessor must recompute and establish a consolidated levy in the following manner:

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, and the portion of the levy by a flood control zone district that was protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015), the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) The portion of the levy by a flood control zone district that was protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015) must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.135 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(v) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a ferry district under RCW 36.54.130 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vi) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a metropolitan park district that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of thirty cents per thousand dollars of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

(viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the thirty cents per thousand dollars of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or eliminated.

(b) The certified rates of tax levy subject to these limitations by all junior taxing districts imposing taxes on such property must be reduced or eliminated as follows to bring the consolidated levy of taxes on such property within the provisions of these limitations:

(i) First, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015) must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts, and the first fifty cent per thousand dollars of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first fifty cent per thousand dollars of assessed valuation levy, and public hospital districts under their first fifty cent per thousand dollars of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

**Sec.**  RCW 84.04.120 and 1999 c 153 s 69 are each amended to read as follows:

"Taxing district" ((~~shall be held and construed to mean and include~~)) means the state and any county, city, town, port district, school district, road district, metropolitan park district, regional transit authority, water-sewer district, or other municipal corporation, now or hereafter existing, having the power or authorized by law to impose burdens upon property within the district in proportion to the value thereof, for the purpose of obtaining revenue for public purposes, as distinguished from municipal corporations authorized to impose burdens, or for which burdens may be imposed, for such purposes, upon property in proportion to the benefits accruing thereto.

**Sec.**  RCW 81.104.180 and 2009 c 280 s 6 are each amended to read as follows:

Cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, high capacity transportation corridor areas, and regional transit authorities are authorized to pledge revenues from the employer tax authorized by RCW 81.104.150, the taxes authorized by RCW 81.104.160, ((~~and~~)) the sales and use tax authorized by RCW 81.104.170, and the property tax authorized by section 321 of this act, to retire bonds issued solely for the purpose of providing high capacity transportation service.

**Sec.**  RCW 81.112.050 and 2010 c 19 s 3 are each amended to read as follows:

(1) At the time of formation, the area to be included within the boundary of the authority shall be that area set forth in the system plan adopted by the joint regional policy committee. Prior to submitting the system and financing plan to the voters, the authority may make adjustments to the boundaries as deemed appropriate but must assure that, to the extent possible, the boundaries: (a) Include the largest-population urban growth area designated by each county under chapter 36.70A RCW; and (b) follow election precinct boundaries. If a portion of any city is determined to be within the service area, the entire city must be included within the boundaries of the authority. Subsequent to formation, when territory is annexed to a city located within the boundaries of the authority, the territory is simultaneously included within the boundaries of the authority and subject to all taxes and other liabilities and obligations applicable within the city with respect to the authority as provided in RCW 35.13.500 and 35A.14.475, subject to RCW 84.09.030 and 82.14.055, and notwithstanding any other provision of law.

(2) After voters within the authority boundaries have approved the system and financing plan, elections to add areas contiguous to the authority boundaries may be called by resolution of the regional transit authority, after consultation with affected transit agencies and with the concurrence of the legislative authority of the city or town if the area is incorporated, or with the concurrence of the county legislative authority if the area is unincorporated. Only those areas that would benefit from the services provided by the authority may be included and services or projects proposed for the area must be consistent with the regional transportation plan. The election may include a single ballot proposition providing for annexation to the authority boundaries and imposition of the taxes at rates already imposed within the authority boundaries, subject to RCW 84.09.030 and 82.14.055.

((~~(3) Upon receipt of a resolution requesting exclusion from the boundaries of the authority from a city whose municipal boundaries cross the boundaries of an authority and thereby result in only a portion of the city being subject to local option taxes imposed by the authority under chapters 81.104 and 81.112 RCW in order to implement a high capacity transit plan, and where the vote to approve the city's incorporation occurred simultaneously with an election approving the local option taxes, then upon a two-thirds majority vote of the governing board of the authority, the governing board shall redraw the boundaries of the authority to exclude that portion of the city that is located within the authority's boundaries, and the excluded area is no longer subject to local option taxes imposed by the authority. This subsection expires December 31, 1998.~~))

NEW SECTION. **Sec.**  A new section is added to chapter 81.104 RCW to read as follows:

(1) A regional transit authority that includes a county with a population of more than one million five hundred thousand must develop and seek voter approval for a system plan, which meets the requirements of any transportation subarea equity element used by the authority, to implement a regional equitable transit-oriented development strategy for diverse, vibrant, mixed-use and mixed-income communities consistent with transit-oriented development plans developed with community input by any regional transportation planning organization within the regional transit authority boundaries. This system plan, which must be part of any authorizing proposition submitted to the voters after the effective date of this section, must include the following:

(a) The regional transit authority must contribute at least four million dollars each year for five consecutive years beginning within three years of voter approval of the system plan to a revolving loan fund to support the development of affordable housing opportunities related to equitable transit-oriented development within the boundaries of the regional transit authority.

(b)(i) A requirement that when a regional transit authority disposes or transfers any surplus property, including, but not limited to, property acquired prior to the effective date of this section, a minimum of eighty percent of the surplus property to be disposed or transferred, including air rights, that is suitable for development as housing, must be offered for either transfer at no cost, sale, or long-term lease first to qualified entities that agree to develop affordable housing on the property, consistent with local land use and zoning laws.

(ii)(A) If a qualified entity receives surplus property from a regional transit authority after being offered the property as provided in (b)(i) of this subsection, the authority must require a minimum of eighty percent of the housing units constructed on property obtained under (b)(i) of this subsection to be dedicated to affordable housing.

(B) If a qualified entity sells property or development rights obtained through (b)(i) of this subsection, it must use the proceeds from the sale to construct affordable housing within one-half mile of a light rail station or transit station.

(c) A requirement that the regional transit authority must work in good faith to implement all requirements of this section, but is not required to comply with a requirement imposed by (b)(i) or (ii) of this subsection if the requirement is in conflict, as determined by the relevant federal agency, with provisions of the applicable federal transit administration master grant agreement, federal transit administration full funding grant agreement with the regional transit authority, or the equivalent federal railroad administration agreement necessary to establish or maintain eligibility for a federal grant program.

(d) A requirement that (b) of this subsection does not apply to property to be transferred to governments or third parties in order to facilitate permitting, construction, or mitigation of high-capacity transportation facilities and services.

(2) For the purposes of this section:

(a) "Affordable housing" means long-term housing for persons, families, or unrelated persons living together whose adjusted income is at or below eighty percent of the median income, adjusted for household size, for the county where the housing is located.

(b) "Qualified entity" means a local government, housing authority, and nonprofit developer.

(3) A regional transit authority implementing subsection (1)(b) of this section must, at the end of each fiscal quarter, send a report to the appropriate committees of the legislature and post a report on its web site detailing the following activities:

(a) Any transfers of property that have occurred in the previous fiscal quarter pursuant to subsection (1)(b) of this section; and

(b) Any progress in implementing any regional equitable transit-oriented development strategy for diverse, vibrant, mixed-use and mixed-income communities approved by the voters pursuant to this section.

**Sec.**  RCW 81.112.210 and 2014 c 153 s 1 are each amended to read as follows:

(1) An authority is authorized to establish, by resolution, a schedule of fines and penalties for civil infractions established in RCW 81.112.220. Fines established by an authority shall not exceed those imposed for class 1 infractions under RCW 7.80.120.

(2)(a) An authority may designate persons to monitor fare payment who are equivalent to and are authorized to exercise all the powers of an enforcement officer, defined in RCW 7.80.040. An authority is authorized to employ personnel to either monitor fare payment, or to contract for such services, or both.

(b) In addition to the specific powers granted to enforcement officers under RCW 7.80.050 and 7.80.060, persons designated to monitor fare payment also have the authority to take the following actions:

(i) Request proof of payment from passengers;

(ii) Request personal identification from a passenger who does not produce proof of payment when requested;

(iii)(A) Issue a notice of infraction ((~~to passengers who do not produce proof of payment when requested~~)) for a civil infraction established in RCW 81.112.220.

(B) The notice of infraction form to be used for violations under this subsection must be approved by the administrative office of the courts and must not include vehicle information; and

(iv) Request that a passenger leave the authority facility when the passenger has not produced proof of payment after being asked to do so by a person designated to monitor fare payment.

(3) Authorities shall keep records of citations in the manner prescribed by RCW 7.80.150. All civil infractions established by chapter 20, Laws of 1999 shall be heard and determined by a district or municipal court as provided in RCW 7.80.010 (1), (2), and (4).

**Transfers to Cities and Counties**

NEW SECTION. **Sec.**  A new section is added to chapter 46.68 RCW to read as follows:

(1) The state treasurer shall make four equal distributions by the last day of September, December, March, and June of each fiscal year to cities and counties based on the following allocations:

(a) For fiscal years 2016 and 2017, five million four hundred sixty-nine thousand dollars from the motor vehicle fund created under RCW 46.68.070 and six million two hundred fifty thousand dollars from the multimodal transportation account created under RCW 47.66.070.

(b) For fiscal year 2018 and thereafter, eleven million seven hundred nineteen thousand dollars from the motor vehicle fund created under RCW 46.68.070 and thirteen million three hundred ninety-three thousand dollars from the multimodal transportation account created under RCW 47.66.070.

(2) The amounts provided in subsection (1)(a) and (b) of this section must be proportioned evenly between cities and counties. Funds credited to cities must be distributed under RCW 46.68.110(4). Funds credited to counties must be allocated under RCW 46.68.120(4).

**PART IV**

**MISCELLANEOUS**

**Complete Streets Grant Program**

**Sec.**  RCW 47.04.320 and 2011 c 257 s 2 are each amended to read as follows:

(1) The ((~~department~~)) transportation improvement board shall establish a complete streets grant program within the department's highways and local programs division, or its successor. During program development, the ((~~department~~)) board shall include, at a minimum, the department of archaeology and historic preservation, local governments, and other organizations or groups that are interested in the complete streets grant program. The purpose of the grant program is to encourage local governments to adopt urban arterial retrofit street ordinances designed to provide safe access to all users, including bicyclists, pedestrians, motorists, and public transportation users, with the goals of:

(a) Promoting healthy communities by encouraging walking, bicycling, and using public transportation;

(b) Improving safety by designing major arterials to include features such as wider sidewalks, dedicated bicycle facilities, medians, and pedestrian streetscape features, including trees where appropriate;

(c) Protecting the environment and reducing congestion by providing safe alternatives to single-occupancy driving; and

(d) Preserving community character by involving local citizens and stakeholders to participate in planning and design decisions.

(2) For purposes of this section:

(a) "Eligible project" means (i) a local government street or road retrofit project that includes the addition of, or significant repair to, facilities that provide street access with all users in mind, including pedestrians, bicyclists, and public transportation users; or (ii) a retrofit project on city streets or county roads that are part of a state highway that include the addition of, or significant repair to, facilities that provide ((~~street~~)) access with all users in mind, including pedestrians, bicyclists, and public transportation users.

(b) "Local government" means incorporated cities and towns and counties that have adopted a jurisdiction-wide complete streets ordinance that plans for the needs of all users and is consistent with sound engineering principles.

(c) "Sound engineering principles" means peer-reviewed, context sensitive solutions guides, reports, and publications, consistent with the purposes of this section.

(3) In carrying out the purposes of this section, the ((~~department~~)) transportation improvement board may award funding, subject to the availability of amounts appropriated for this specific purpose, only to eligible projects that are designed consistent with sound engineering principles.

(4) The ((~~department~~)) transportation improvement board must report annually to the transportation committees of the legislature on the status of any grant projects funded by the program created under this section.

**Sec.**  RCW 47.04.325 and 2011 c 257 s 3 are each amended to read as follows:

(1) The complete streets grant program account is created in the state treasury. Moneys in the account may be spent only after appropriation. Only the ((~~department~~)) transportation improvement board may authorize expenditures from the account. The ((~~department~~)) board may use complete streets grant program funds for city streets, county roads, and city streets and county roads that are part of a state highway. Expenditures from the account may be used solely for the grants provided under RCW 47.04.320.

(2) The ((~~department~~)) transportation improvement board may solicit and receive gifts, grants, or endowments from private and other sources that are made, in trust or otherwise, for the use and benefit of the purposes of the complete streets grant program as provided in RCW 47.04.320.

**Electric Vehicle Infrastructure Bank**

NEW SECTION. **Sec.**  A new section is added to chapter 47.04 RCW to read as follows:

(1) The department's public-private partnership office must develop a pilot program to support the deployment of electric vehicle charging infrastructure that is supported by private financing.

(2) The department must define corridors in which bidders may propose to install electric vehicle charging infrastructure. Alternatively, a bidder may propose a corridor in which the bidder proposes to install electric vehicle infrastructure if the department has adopted rules allowing such a proposal and establishing guidelines for how such a proposal will be considered.

(3)(a) For bid proposals under this section, the department must require the following:

(i) Bidders must have private sector partners contributing to the project who stand to gain indirect value from development of the project, such as motor vehicle manufacturers, retail stores, or tourism stakeholders;

(ii) Bidders must demonstrate that the proposed project will be valuable to electric vehicle drivers and will address an existing gap in the state's electric vehicle charging station infrastructure;

(iii) Projects must be expected to be profitable and sustainable for the owner-operator and the private partner; and

(iv) Bidders must specify how the project captures the indirect value of charging station deployment to the private partner.

(b) The department may adopt rules that require any other criteria for a successful project.

(4) In evaluating proposals under this section, the department may use the electric vehicle financial analysis tool that was developed in the joint transportation committee's study into financing electric vehicle charging station infrastructure.

(5)(a) After selecting a successful proposer under this section, the department may provide a loan or grant to the proposer.

(b) Grants and loans issued under this subsection must be funded from the electric vehicle charging infrastructure account created in section 404 of this act.

(c) Any project selected for support under this section is eligible for only one grant or loan as a part of the pilot program.

(6) The department may conduct preliminary workshops with potential bidders and other potential private sector partners to determine the best method of designing the pilot program, discuss how to develop the partnerships among the private sector partners that may receive indirect value, and any other issues relating to the implementation of this section. The department should consider regional workshops to engage potential business partners from across the state.

(7) The department must adopt rules to implement this section.

NEW SECTION. **Sec.**  A new section is added to chapter 82.44 RCW to read as follows:

The electric vehicle charging infrastructure account is created in the transportation infrastructure account. Proceeds from the principal and interest payments made on loans from the account must be deposited into the account. Expenditures from the account may be used only for the purposes specified in section 403 of this act. Moneys in the account may be spent only after appropriation.

**Tacoma Narrows Bridge Sales Tax Deferral**

**Sec.**  RCW 47.46.060 and 2012 c 77 s 1 are each amended to read as follows:

(1) Any person, including the department of transportation and any private entity or entities, may apply for deferral of taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that becomes a part of, and the rental of equipment for use in the state route number 16 corridor improvements project under this chapter. Application must be made to the department of revenue in a form and manner prescribed by the department of revenue. The application must contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue must approve the application within sixty days if it meets the requirements of this section.

(2) The department of revenue must issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on the project.

(3) The department of transportation or a private entity granted a tax deferral under this section must begin paying the deferred taxes in the ((~~eleventh~~)) twenty-fourth year after the date certified by the department of revenue as the date on which the project is operationally complete. The first payment is due on December 31st of the ((~~eleventh~~)) twenty-fourth calendar year after such certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment must equal ten percent of the deferred tax. The project is operationally complete under this section when the collection of tolls is commenced for the state route number 16 improvements covered by the deferral.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of the department of transportation or a private entity granted a deferral under this section.

(5) Interest may not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this section. The debt for deferred taxes is not extinguished by insolvency or other failure of the private entity. Transfer of ownership does not terminate the deferral.

(6) Applications and any other information received by the department of revenue under this section are not confidential and are subject to disclosure. Chapter 82.32 RCW applies to the administration of this section.

**Traffic Safety Cameras**

**Sec.**  RCW 46.63.170 and 2015 1st sp.s. c 10 s 702 are each amended to read as follows:

(1) The use of automated traffic safety cameras for issuance of notices of infraction is subject to the following requirements:

(a) The appropriate local legislative authority must prepare an analysis of the locations within the jurisdiction where automated traffic safety cameras are proposed to be located: (i) Before enacting an ordinance allowing for the initial use of automated traffic safety cameras; and (ii) before adding additional cameras or relocating any existing camera to a new location within the jurisdiction. Automated traffic safety cameras may be used to detect one or more of the following: Stoplight, railroad crossing, or school speed zone violations; or speed violations subject to (c) of this subsection. At a minimum, the local ordinance must contain the restrictions described in this section and provisions for public notice and signage. Cities and counties using automated traffic safety cameras before July 24, 2005, are subject to the restrictions described in this section, but are not required to enact an authorizing ordinance. Beginning one year after June 7, 2012, cities and counties using automated traffic safety cameras must post an annual report of the number of traffic accidents that occurred at each location where an automated traffic safety camera is located as well as the number of notices of infraction issued for each camera and any other relevant information about the automated traffic safety cameras that the city or county deems appropriate on the city's or county's web site.

(b) Except as provided in (c) of this subsection, use of automated traffic safety cameras is restricted to the following locations only: (i) Intersections of two arterials with traffic control signals that have yellow change interval durations in accordance with RCW 47.36.022, which interval durations may not be reduced after placement of the camera; (ii) railroad crossings; and (iii) school speed zones.

(c) ((~~During the 2013-2015 and 2015-2017 fiscal biennia, automated traffic safety cameras may be used to detect speed violations for the purposes of section 201(4), chapter 306, Laws of 2013 and section 201(1), chapter 10, Laws of 2015 1st sp. sess. if the local legislative authority first enacts an ordinance authorizing the use of cameras to detect speed violations.~~)) Any city west of the Cascade mountains with a population of more than one hundred ninety-five thousand located in a county with a population of fewer than one million five hundred thousand may operate an automated traffic safety camera to detect speed violations subject to the following limitations:

(i) A city may only operate one such automated traffic safety camera within its respective jurisdiction; and

(ii) The use and location of the automated traffic safety camera must have first been authorized by the Washington state legislature as a pilot project for at least one full year.

(d) Automated traffic safety cameras may only take pictures of the vehicle and vehicle license plate and only while an infraction is occurring. The picture must not reveal the face of the driver or of passengers in the vehicle. The primary purpose of camera placement is to take pictures of the vehicle and vehicle license plate when an infraction is occurring. Cities and counties shall consider installing cameras in a manner that minimizes the impact of camera flash on drivers.

(e) A notice of infraction must be mailed to the registered owner of the vehicle within fourteen days of the violation, or to the renter of a vehicle within fourteen days of establishing the renter's name and address under subsection (3)(a) of this section. The law enforcement officer issuing the notice of infraction shall include with it a certificate or facsimile thereof, based upon inspection of photographs, microphotographs, or electronic images produced by an automated traffic safety camera, stating the facts supporting the notice of infraction. This certificate or facsimile is prima facie evidence of the facts contained in it and is admissible in a proceeding charging a violation under this chapter. The photographs, microphotographs, or electronic images evidencing the violation must be available for inspection and admission into evidence in a proceeding to adjudicate the liability for the infraction. A person receiving a notice of infraction based on evidence detected by an automated traffic safety camera may respond to the notice by mail.

(f) The registered owner of a vehicle is responsible for an infraction under RCW 46.63.030(1)(d) unless the registered owner overcomes the presumption in RCW 46.63.075, or, in the case of a rental car business, satisfies the conditions under subsection (3) of this section. If appropriate under the circumstances, a renter identified under subsection (3)(a) of this section is responsible for an infraction.

(g) Notwithstanding any other provision of law, all photographs, microphotographs, or electronic images prepared under this section are for the exclusive use of law enforcement in the discharge of duties under this section and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a violation under this section. No photograph, microphotograph, or electronic image may be used for any purpose other than enforcement of violations under this section nor retained longer than necessary to enforce this section.

(h) All locations where an automated traffic safety camera is used must be clearly marked at least thirty days prior to activation of the camera by placing signs in locations that clearly indicate to a driver that he or she is entering a zone where traffic laws are enforced by an automated traffic safety camera. Signs placed in automated traffic safety camera locations after June 7, 2012, must follow the specifications and guidelines under the manual of uniform traffic control devices for streets and highways as adopted by the department of transportation under chapter 47.36 RCW.

(i) If a county or city has established an authorized automated traffic safety camera program under this section, the compensation paid to the manufacturer or vendor of the equipment used must be based only upon the value of the equipment and services provided or rendered in support of the system, and may not be based upon a portion of the fine or civil penalty imposed or the revenue generated by the equipment.

(2) Infractions detected through the use of automated traffic safety cameras are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120. Additionally, infractions generated by the use of automated traffic safety cameras under this section shall be processed in the same manner as parking infractions, including for the purposes of RCW 3.50.100, 35.20.220, 46.16A.120, and 46.20.270(2). The amount of the fine issued for an infraction generated through the use of an automated traffic safety camera shall not exceed the amount of a fine issued for other parking infractions within the jurisdiction. However, the amount of the fine issued for a traffic control signal violation detected through the use of an automated traffic safety camera shall not exceed the monetary penalty for a violation of RCW 46.61.050 as provided under RCW 46.63.110, including all applicable statutory assessments.

(3) If the registered owner of the vehicle is a rental car business, the law enforcement agency shall, before a notice of infraction being issued under this section, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within eighteen days of receiving the written notice, provide to the issuing agency by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft; or

(c) In lieu of identifying the vehicle operator, the rental car business may pay the applicable penalty.

Timely mailing of this statement to the issuing law enforcement agency relieves a rental car business of any liability under this chapter for the notice of infraction.

(4) Nothing in this section prohibits a law enforcement officer from issuing a notice of traffic infraction to a person in control of a vehicle at the time a violation occurs under RCW 46.63.030(1) (a), (b), or (c).

(5) For the purposes of this section, "automated traffic safety camera" means a device that uses a vehicle sensor installed to work in conjunction with an intersection traffic control system, a railroad grade crossing control system, or a speed measuring device, and a camera synchronized to automatically record one or more sequenced photographs, microphotographs, or electronic images of the rear of a motor vehicle at the time the vehicle fails to stop when facing a steady red traffic control signal or an activated railroad grade crossing control signal, or exceeds a speed limit ((~~in a school speed zone~~)) as detected by a speed measuring device. ((~~During the 2013-2015 and 2015-2017 fiscal biennia, an automated traffic safety camera includes a camera used to detect speed violations for the purposes of section 201(4), chapter 306, Laws of 2013 and section 201(1), chapter 10, Laws of 2015 1st sp. sess.~~))

(6) During the 2011-2013 and 2013-2015 fiscal biennia, this section does not apply to automated traffic safety cameras for the purposes of section 216(5), chapter 367, Laws of 2011 and section 216(6), chapter 306, Laws of 2013.

**Alternative Fuel Sales and Use Tax Exemptions**

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preferences contained in sections 408 and 409 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to increase the use of clean alternative fuel vehicles in Washington. It is the legislature's intent to extend the existing sales and use tax exemption on certain clean alternative fuel vehicles in order to reduce the price charged to customers for clean alternative fuel vehicles.

(3) To measure the effectiveness of the tax preferences in sections 408 and 409 of this act in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the number of clean alternative fuel vehicles registered in the state.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

**Sec.**  RCW 82.08.809 and 2010 1st sp.s. c 11 s 2 are each amended to read as follows:

(1)((~~(a)~~)) Except as provided in subsection (4) of this section, the tax levied by RCW 82.08.020 does not apply to sales of new passenger cars, light duty trucks, and medium duty passenger vehicles, which (a) are exclusively powered by a clean alternative fuel or (b) use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power.

((~~(b) The tax levied by RCW 82.08.020 does not apply to sales of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase, with an EPA certified conversion to be exclusively powered by a clean alternative fuel. "Qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" means vehicles that:~~

~~(i) Are part of a fleet of at least five vehicles, all owned by the same person;~~

~~(ii) Have an odometer reading of less than thirty thousand miles;~~

~~(iii) Are less than two years past their original date of manufacture; and~~

~~(iv) Are being sold for the first time after modification.~~))

(2) The seller must keep records necessary for the department to verify eligibility under this section.

(3) As used in this section, "clean alternative fuel" means natural gas, propane, hydrogen, or electricity, when used as a fuel in a motor vehicle that meets the California motor vehicle emission standards in Title 13 of the California code of regulations, effective January 1, 2005, and the rules of the Washington state department of ecology.

(4)(a) A sale, other than a lease, is not exempt from sales tax as described under subsection (1) of this section if the selling price of the vehicle plus trade-in property of like kind exceeds thirty-five thousand dollars.

(b) For leased vehicles for which the lease agreement is signed on or after the effective date of this section, lease payments are not exempt from sales tax as described under subsection (1) of this section if the fair market value of the vehicle being leased exceeds thirty-five thousand dollars at the inception of the lease. For the purposes of this subsection (4)(b), "fair market value" has the same meaning as "value of the article used" in RCW 82.12.010.

(c) For leased vehicles for which the lease agreement was signed before the effective date of this section, lease payments are exempt from sales tax as described under subsection (1) of this section regardless of the vehicle's fair market value at the inception of the lease.

(5) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data, except that the department may provide estimates of taxes exempted under this section until such time as retailers are able to report such exempted amounts on their tax returns. For purposes of this section, the first transfer for the calendar quarter after the effective date of this section must be calculated assuming only those revenues that should have been deposited into the general fund beginning July 1, 2015.

(6) Lease payments due on or after July 1, 2019, are subject to the taxes imposed under this chapter.

(7) This section expires July 1, ((~~2015~~)) 2019.

**Sec.**  RCW 82.12.809 and 2010 1st sp.s. c 11 s 3 are each amended to read as follows:

(1)((~~(a)~~)) Except as provided in subsection (4) of this section, until July 1, ((~~2015~~)) 2019, the provisions of this chapter do not apply in respect to the use of new passenger cars, light duty trucks, and medium duty passenger vehicles, which (a) are exclusively powered by a clean alternative fuel or (b) use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power.

((~~(b) Until July 1, 2015, the provisions of this chapter do not apply to the use of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase with an EPA certified conversion to be exclusively powered by a clean alternative fuel. As used in this subsection, "qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" has the same meaning as provided in RCW 82.08.809.~~))

(2) ((~~"Clean alternative fuel" has the same meaning as provided in RCW 82.08.809.~~)) The definitions in RCW 82.08.809 apply to this section.

(3) A taxpayer is not liable for the tax imposed in RCW 82.12.020 on the use, on or after July 1, ((~~2015~~)) 2019, of a passenger car, light duty truck, or medium duty passenger vehicle that is exclusively powered by a clean alternative fuel or uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and is capable of traveling at least thirty miles using only battery power, if the taxpayer used such vehicle in this state before July 1, ((~~2015~~)) 2019, and the use was exempt under this section from the tax imposed in RCW 82.12.020.

(4)(a) For vehicles purchased on or after the effective date of this section or for leased vehicles for which the lease agreement was signed on or after the effective date of this section, a vehicle is not exempt from use tax as described under subsection (1) of this section if the fair market value of the vehicle exceeds thirty-five thousand dollars at the time the tax is imposed for purchased vehicles, or at the inception of the lease for leased vehicles.

(b) For leased vehicles for which the lease agreement was signed before the effective date of this section, lease payments are exempt from use tax as described under subsection (1) of this section regardless of the vehicle's fair market value at the inception of the lease.

(5) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data. For purposes of this section, the first transfer for the calendar quarter after the effective date of this section must be calculated assuming only those revenues that should have been deposited into the general fund beginning July 1, 2015.

(6) Lease payments due on or after July 1, 2019, are subject to the taxes imposed under this chapter.

**Alternative Fuel Commercial Vehicle Tax Credits**

NEW SECTION. **Sec.**  (1) This section and sections 411 and 412 of this act may be known and cited as the clean fuel vehicle incentives act.

(2) The legislature finds that cleaner fuels reduce greenhouse gas emissions in the transportation sector and lead to a more sustainable environment. The legislature further finds that alternative fuel vehicles cost more than comparable models of conventional fuel vehicles, particularly in the commercial market. The legislature further finds the higher cost of alternative fuel vehicles incentivize companies to purchase comparable models of conventional fuel vehicles. The legislature further finds that other states provide various tax credits and exemptions. The legislature further finds incentivizing businesses to purchase cleaner, alternative fuel vehicles is a collaborative step toward meeting the state's climate and environmental goals.

(3)(a) This subsection is the tax preference performance statement for the clean alternative fuel vehicle tax credits provided in sections 411 and 412 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers.

(c) It is the legislature's specific public policy objective to provide a credit against business and occupation and public utility taxes to increase sales of commercial vehicles that use clean alternative fuel to ten percent of commercial vehicle sales by 2021.

(d) To measure the effectiveness of the credit provided in this act in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee must, at minimum, evaluate the changes in the number of commercial vehicles that are powered by clean alternative fuel that are registered in Washington state.

(e)(i) The department of licensing must provide data needed for the joint legislative audit and review committee's analysis in (d) of this subsection.

(ii) In addition to the data source described under (e)(i) of this subsection, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under (d) of this subsection.

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1)(a) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost amount or the maximum credit amount per vehicle purchased, and subject to a maximum annual credit amount per vehicle class.

|  |  |  |  |
| --- | --- | --- | --- |
| Gross Vehicle Weight | Incremental Cost Amount | Maximum Credit Amount Per Vehicle | Maximum Annual Credit Per Vehicle Class |
| Up to 14,000 pounds | 50% of incremental cost | $5,000 | $2,000,000 |
| 14,001 to 26,500 pounds | 50% of incremental cost | $10,000 | $2,000,000 |
| Above 26,500 pounds | 50% of incremental cost | $20,000 | $2,000,000 |

(b) On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.

(c) The credit provided in this subsection (1) is not available for the lease of a vehicle.

(2) A person who is taxable under this chapter is allowed, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section, a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under this section may not exceed the lesser of two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.16 RCW.

(5) Credits are available on a first-in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and section 412 of this act, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

(i) The name, business address, and tax identification number of the applicant;

(ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle;

(iii) The type of alternative fuel to be used by the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) The anticipated delivery date of the vehicle;

(vi) The estimated annual fuel use of the vehicle in its anticipated duties;

(vii) The gross weight of the vehicle; and

(viii) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

(i) A copy of the order for the vehicle, including the total cost for the vehicle;

(ii) The anticipated delivery date of the vehicle, which must be within one hundred twenty days of acceptance of the credit; and

(iii) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle, including:

(i) A copy of the final invoice for the vehicle;

(ii) A copy of the factory build sheet or equivalent documentation;

(iii) The vehicle identification number of the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) Attestations signed by both the seller and purchaser of the vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit is reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles applied for are anticipated to be delivered;

(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(10) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(11)(a) Taxpayers are only eligible for a credit under this section based on:

(i) Sales, but not leases, of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; or

(ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel.

(b) A credit is earned when qualifying purchases are made.

(12) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(13)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the general fund.

(14) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Commercial vehicle" means any commercial vehicle that is purchased by a private business and that is used exclusively in the transportation of commodities, merchandise, produce, refuse, freight, or animals, and that is displaying a Washington state license plate.

(b) "Clean alternative fuel" means electricity, dimethyl ether, hydrogen, methane, natural gas, liquefied natural gas, compressed natural gas, or propane.

(c) "Qualifying used commercial vehicle" means vehicles that:

(i) Have an odometer reading of less than thirty thousand miles;

(ii) Are less than two years past their original date of manufacture;

(iii) Were modified after the initial purchase with a United States environmental protection agency certified conversion that would allow the propulsion units to be principally powered by a clean alternative fuel; and

(iv) Are being sold for the first time after modification.

(15) Credits may be earned under this section from January 1, 2016, through January 1, 2021.

(16) Credits earned under this section may not be used after January 1, 2022.

NEW SECTION. **Sec.**  A new section is added to chapter 82.16 RCW to read as follows:

(1)(a) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost amount or the maximum credit amount per vehicle purchased, and subject to a maximum annual credit amount per vehicle class.

|  |  |  |  |
| --- | --- | --- | --- |
| Gross Vehicle Weight | Incremental Cost Amount | Maximum Credit Amount Per Vehicle | Maximum Annual Credit Per Vehicle Class |
| Up to 14,000 pounds | 50% of incremental cost | $5,000 | $2,000,000 |
| 14,001 to 26,500 pounds | 50% of incremental cost | $10,000 | $2,000,000 |
| Above 26,500 pounds | 50% of incremental cost | $20,000 | $2,000,000 |

(b) On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.

(c) The credit provided in this subsection (1) is not available for the lease of a vehicle.

(2) A person who is taxable under this chapter is allowed, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section, a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under this section may not exceed two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.04 RCW.

(5) Credits are available on a first-in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and section 411 of this act, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

(i) The name, business address, and tax identification number of the applicant;

(ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle;

(iii) The type of alternative fuel to be used by the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) The anticipated delivery date of the vehicle;

(vi) The estimated annual fuel use of the vehicle in its anticipated duties;

(vii) The gross weight of the vehicle; and

(viii) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

(i) A copy of the order for the vehicle, including the total cost for the vehicle;

(ii) The anticipated delivery date of the vehicle, which must be within one hundred twenty days of acceptance of the credit; and

(iii) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle, including:

(i) A copy of the final invoice for the vehicle;

(ii) A copy of the factory build sheet or equivalent documentation;

(iii) The vehicle identification number of the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) Attestations signed by both the seller and purchaser of the vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit is reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles applied for are anticipated to be delivered;

(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(10) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(11)(a) Taxpayers are only eligible for a credit under this section based on:

(i) Sales, but not leases, of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; or

(ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel.

(b) A credit is earned when qualifying purchases are made.

(12) The definitions in section 411 of this act apply to this section.

(13) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(14)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the general fund.

(15) Credits may be earned under this section from January 1, 2016, through January 1, 2021.

(16) Credits earned under this section may not be used after January 1, 2022.

**Commute Trip Reduction Tax Credit**

**Sec.**  RCW 82.70.020 and 2015 1st sp.s. c 10 s 708 are each amended to read as follows:

(1) Employers in this state who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to their own or other employees for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before ((~~July 1, 2017~~)) January 1, 2024, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per employee per fiscal year.

(2) Property managers who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to persons employed at a worksite in this state managed by the property manager for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before ((~~July 1, 2017~~)) January 1, 2024, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of these persons for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per person per fiscal year.

(3) The credit under this section is equal to the amount paid to or on behalf of each employee multiplied by fifty percent, but may not exceed sixty dollars per employee per fiscal year. No refunds may be granted for credits under this section.

(4) A person may not receive credit under this section for amounts paid to or on behalf of the same employee under both chapters 82.04 and 82.16 RCW.

(5) A person may not take a credit under this section for amounts claimed for credit by other persons.

**Sec.**  RCW 82.70.040 and 2015 1st sp.s. c 10 s 709 are each amended to read as follows:

(1)(a)(i) The department ((~~shall~~)) must keep a running total of all credits allowed under RCW 82.70.020 during each fiscal year. The department ((~~shall~~)) may not allow any credits that would cause the total amount allowed to exceed two million seven hundred fifty thousand dollars in any fiscal year. ((~~This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.~~))

(ii) ((~~During the 2013-2015 and 2015-2017 fiscal biennia,~~)) The department shall not allow any credits that would cause the total amount allowed to exceed one million five hundred thousand dollars in any fiscal year. ((~~This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.~~))

(b) If the total amount of credit applied for by all applicants in any year exceeds the limit in this subsection, the department ((~~shall~~)) must ratably reduce the amount of credit allowed for all applicants so that the limit in this subsection is not exceeded. If a credit is reduced under this subsection, the amount of the reduction may not be carried forward and claimed in subsequent fiscal years.

(2)(a) Tax credits under RCW 82.70.020 may not be claimed in excess of the amount of tax otherwise due under chapter 82.04 or 82.16 RCW.

(b)((~~(i)~~)) Through June 30, 2005, a person with taxes equal to or in excess of the credit under RCW 82.70.020, and therefore not subject to the limitation in (a) of this subsection, may elect to defer tax credits for a period of not more than three years after the year in which the credits accrue. ((~~No credits deferred under this subsection (2)(b)(i) may be used after June 30, 2008. A person deferring tax credits under this subsection (2)(b)(i) must submit an application as provided in RCW 82.70.025 in the year in which the deferred tax credits will be used. This application is subject to the provisions of subsection (1) of this section for the year in which the tax credits will be applied. If a deferred credit is reduced under subsection (1)(b) of this section, the amount of deferred credit disallowed because of the reduction may be carried forward as long as the period of deferral does not exceed three years after the year in which the credit was earned.~~

~~(ii)~~)) For credits approved by the department ((~~after~~)) through June 30, ((~~2005~~)) 2015, the approved credit may be carried forward ((~~to subsequent years until used~~)) and used for tax reporting periods through December 31, 2016. Credits approved after June 30, 2015, must be used for tax reporting periods within the calendar year for which they are approved by the department and may not be carried forward to subsequent tax reporting periods. Credits carried forward as authorized by this subsection are subject to the limitation in subsection (1)(a) of this section for the fiscal year for which the credits were originally approved.

(3) No person ((~~shall~~)) may be approved for tax credits under RCW 82.70.020 in excess of ((~~two~~)) one hundred thousand dollars in any fiscal year. This limitation does not apply to credits carried forward from prior years under subsection (2)(b) of this section.

(4) No person may claim tax credits after June 30, ((~~2017~~)) 2024.

(5) ((~~Credits may not be carried forward other than as authorized in subsection (2)(b) of this section.~~

~~(6)~~)) No person is eligible for tax credits under RCW 82.70.020 if the additional revenues for the multimodal transportation account created by ((~~Engrossed Substitute House Bill No. 2231~~)) chapter 361, Laws of 2003 are terminated.

**Sec.**  RCW 82.70.050 and 2015 1st sp.s. c 10 s 710 are each amended to read as follows:

(1) ((~~During the 2013-2015 and 2015-2017 fiscal biennia,~~)) The director ((~~shall~~)) must on the 25th of February, May, August, and November of each year advise the state treasurer of the amount of credit taken under RCW 82.70.020 during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(2) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, ((~~shall~~)) must deposit to the general fund a sum equal to the dollar amount of the credit provided under RCW 82.70.020 from the multimodal transportation account.

(3) This section expires January 1, 2025.

**Sec.**  RCW 82.70.900 and 2015 1st sp.s. c 10 s 711 are each amended to read as follows:

Except for RCW 82.70.050, this chapter expires ((~~June 30, 2017~~)) July 1, 2024.

**Sec.**  RCW 82.70.025 and 2005 c 297 s 2 are each amended to read as follows:

(1) Application for tax credits under this chapter must be received by the department between the first day of January and the 31st day of January, following the calendar year in which the applicant made payments to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting. The application ((~~shall~~)) must be made to the department in a form and manner prescribed by the department. The application ((~~shall~~)) must contain information regarding the number of employees for which incentives are paid during the calendar year, the amounts paid to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, ((~~the amount of credit deferred under RCW 82.70.040(2)(b)(i) to be used, and other information required by the department. For applications due by January 31, 2006, the application shall not include amounts paid from January 1, 2005, through June 30, 2005, to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting~~)) and other information required by the department.

(2) The department ((~~shall~~)) must rule on the application within sixty days of the deadline provided in subsection (1) of this section.

(3)(a) The department ((~~shall~~)) must disapprove any application not received by the deadline provided in subsection (1) of this section ((~~regardless of the reason that the application was received after the deadline~~)) except that the department may accept applications received up to fifteen calendar days after the deadline if the application was not received by the deadline because of circumstances beyond the control of the taxpayer.

(b) In making a determination whether the failure of a taxpayer to file an application by the deadline was the result of circumstances beyond the control of the taxpayer, the department must be guided by rules adopted by the department for the waiver or cancellation of penalties when the underpayment or untimely payment of any tax was due to circumstances beyond the control of the taxpayer.

(4) After an application is approved and tax credit granted, no increase in the credit ((~~shall be~~)) is allowed.

(5) To claim a credit under this chapter, a person must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

**Sec.**  RCW 82.70.060 and 2005 c 319 s 138 are each amended to read as follows:

The commute trip reduction ((~~task force shall determine the effectiveness of the tax credit under RCW 82.70.020, the grant program in RCW 70.94.996, and the relative effectiveness of the tax credit and the grant program~~)) board must determine the effectiveness of the tax credit under RCW 82.70.020 as part of its ongoing evaluation of the commute trip reduction law ((~~and report to the senate and house transportation committees and to the fiscal committees of the house of representatives and the senate. The report must include information on the amount of tax credits claimed to date and recommendations on future funding between the tax credit program and the grant program. The report must be incorporated into the recommendations required in RCW 70.94.537(5)~~)). The department must provide requested information to the commute trip reduction board for its assessment.

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in RCW 82.70.020. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to reduce traffic congestion, automobile-related air pollution and energy use through employer-based programs that encourage the use of alternatives to the single-occupant vehicle traveling during peak traffic periods for the commute trip. It is the legislature's intent to extend the commute trip reduction tax credit, which encourages employers to provide financial incentives to their employees for using ride sharing, public transportation, car sharing, or nonmotorized commuting. Pursuant to chapter 43.136 RCW, the joint legislative audit and review committee must review the commute trip reduction tax credit established under RCW 82.70.020 by December 1, 2024.

(3) If a review finds that the percentage of Washingtonians using commute alternatives is increasing, then the legislature intends for the legislative auditor to recommend extending the expiration date of the tax preferences.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee should refer to the office of financial management's results Washington sustainable transportation performance metric or data used by the department of transportation's commute trip reduction program.

**Transfers to the Connecting Washington Account**

NEW SECTION. **Sec.**  A new section is added to chapter 82.32 RCW to read as follows:

(1) Beginning September 2019 and ending June 2021, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million six hundred eighty thousand dollars.

(2) Beginning September 2021 and ending June 2023, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million eight hundred five thousand dollars.

(3) Beginning September 2023 and ending June 2025, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million nine hundred eighty-seven thousand dollars.

(4) Beginning September 2025 and ending June 2027, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act eleven million six hundred fifty-eight thousand dollars.

(5) Beginning September 2027 and ending June 2029, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act seven million five hundred sixty-four thousand dollars.

(6) Beginning September 2029 and ending June 2031, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act four million fifty-six thousand dollars.

**Sec.**  RCW 43.135.034 and 2013 c 1 s 2 are each amended to read as follows:

(1)(a) Any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two‑thirds vote in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(b) For the purposes of this chapter, "raises taxes" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature ((~~shall~~)) may not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee ((~~shall~~)) must adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment ((~~shall~~)) may not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit ((~~shall~~)) must be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section ((~~shall~~)) must be substantially as follows:

"Shall taxes be imposed on . . . . . . . in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty‑four months by a law approved by a two‑thirds vote of each house of the legislature and signed by the governor. The law ((~~shall~~)) must set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty‑four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes ((~~shall~~)) expire upon expiration of the declaration of emergency. The legislature ((~~shall~~)) may not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state ((~~shall~~)) may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), ((~~shall~~)) must lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240((~~(3)~~)) (1)(c), in support of education or education expenditures; ((~~or~~)) (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in section 106 of this act.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), ((~~shall~~)) must increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

NEW SECTION. **Sec.**  A new section is added to chapter 81.112 RCW to read as follows:

(1) Beginning January 1, 2017, and until the requirements in subsection (4) of this section are met, a regional transit authority must pay to the department of revenue, for deposit into the general fund, a sales and use tax offset fee.

(2) A sales and use tax offset fee is three and twenty-five one-hundredths percent of the total payments made by the regional transit authority to construction contractors on construction contracts that are (a) for new projects identified in the system plan funded by any proposition approved by voters after January 1, 2015, and (b) excluded from the definition of retail sale under RCW 82.04.050(10).

(3) Fees are due monthly by the twenty-fifth day of the month, with respect to payments made to construction contractors during the previous month.

(4) A sales and use tax offset fee is due until the regional transit authority has paid five hundred eighteen million dollars.

(5) Except as otherwise provided in this section, the provisions of chapter 82.32 RCW apply to this section.

(6) The department of revenue must oversee the collection of the sales and use tax offset fee and may adopt rules necessary to implement this section.

**Rate Setting for Garbage Companies**

**Sec.**  RCW 81.77.170 and 1989 c 431 s 36 are each amended to read as follows:

For rate-making purposes, a fee, charge, or tax on the collection or disposal of solid waste ((~~shall be~~)) is considered a normal operating expense of the solid waste collection company, including all taxes and fees imposed or increased under this act. Filing for pass-through of any such fee, charge, or tax is not considered a general rate proceeding.

**Effective Dates and Other Miscellaneous Provisions**

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  Except for sections 103, 105, 108, 110, 323, and 325 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. **Sec.**  Sections 103, 105, and 110 of this act take effect July 1, 2016.

NEW SECTION. **Sec.**  Sections 101, 102, 104, and 109 of this act expire July 1, 2016, if sections 103, 105, and 110 of this act take effect July 1, 2016.

NEW SECTION. **Sec.**  Section 107 of this act expires on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. **Sec.**  Section 108 of this act takes effect on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. **Sec.**  Sections 322 and 324 of this act expire January 1, 2018.

NEW SECTION. **Sec.**  Sections 323 and 325 of this act take effect January 1, 2018."

**ESSB 5987** - S AMD **499**

By Senators King, Hobbs

**ADOPTED 6/29/2015**

On page 1, line 1 of the title, after "revenue;" strike the remainder of the title and insert "amending RCW 82.36.025, 82.38.030, 82.38.030, 46.68.090, 46.68.090, 46.10.530, 79A.25.070, 46.17.355, 46.17.365, 46.17.323, 46.25.052, 46.25.060, 46.25.100, 46.20.202, 46.17.050, 46.17.060, 47.60.322, 46.12.650, 88.02.560, 88.02.640, 36.73.065, 82.80.140, 36.73.015, 82.14.045, 81.104.140, 81.104.160, 84.52.043, 84.52.043, 84.52.010, 84.52.010, 84.04.120, 81.104.180, 81.112.050, 81.112.210, 47.04.320, 47.04.325, 47.46.060, 46.63.170, 82.08.809, 82.12.809, 82.70.020, 82.70.040, 82.70.050, 82.70.900, 82.70.025, 82.70.060, 43.135.034, and 81.77.170; reenacting and amending RCW 43.84.092, 43.84.092, 46.09.520, and 81.104.170; reenacting RCW 46.09.520; adding new sections to chapter 46.68 RCW; adding a new section to chapter 46.37 RCW; adding new sections to chapter 36.57A RCW; adding a new section to chapter 82.14 RCW; adding a new section to chapter 82.80 RCW; adding new sections to chapter 81.104 RCW; adding a new section to chapter 47.04 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.16 RCW; adding a new section to chapter 82.32 RCW; adding a new section to chapter 81.112 RCW; adding a new chapter to Title 36 RCW; creating new sections; repealing RCW 82.36.029 and 82.38.083; repealing 2015 2nd sp.s. c . . . (SHB 1738) ss 2, 3, and 4; repealing 2012 c 74 s 11 (uncodified); prescribing penalties; providing effective dates; providing a contingent effective date; providing expiration dates; providing contingent expiration dates; and declaring an emergency."

EFFECT: (1) Changes the increases to the fuel tax to seven cents per gallon on August 1, 2015, and 4.9 cents per gallon on July 1, 2016. Nonhighway refunds are adjusted to account for the change in fuel tax rates.

(2) Increases the additive weight fee that begins on July 1, 2022, from $8 to $10.

(3) Modifies the change in distribution to certain accounts that would be triggered by implementation of a clean fuel standard to apply only until July 1, 2023.

(4) Modifies local transportation fund options.

(5) Allows cities and counties with a transportation benefit district to eliminate the separate entity state.

(6) Includes tax preferences and the related provisions for commute trip reduction and clean alternative fuel vehicles.

(7) Authorizes the use of traffic safety cameras in certain cities.

(8) Creates a quarterly distribution of funds to cities and counties.

(9) Creates a quarterly transfer from the General Fund to the Connecting Washington Account over the twelve-year period between fiscal year 2020 and fiscal year 2031 that totals $518 million.

(10) Creates a sales and use tax offset fee that a regional transportation authority must pay until a total of $518 million has been paid.

(11) Moves the Complete Streets Grant Program from the Department of Transportation to the Transportation Improvement Board.