
Transportation Committee

HB 1180

Brief Description: Concerning dedicated funding sources for high capacity transportation service.

Sponsors: Representatives Fey, Farrell, Fitzgibbon, Moscoso, Walkinshaw, Sells, Pollet, Ortiz-Self, Dunshee, Goodman, Bergquist, Tarleton, Ryu, Cody, Clibborn, Kagi, Morris, Peterson, Jinkins, Senn, McBride, Pettigrew, Sawyer, Gregerson, Robinson and Reykdal.

Brief Summary of Bill

- Allows for the imposition, in certain counties, of a motor vehicle excise tax of up to 0.8 percent of the value of the vehicle by a variety of transit providers for high capacity transportation (HCT) services.
- Increases the maximum sales and use tax rate that can be imposed, in certain counties, for the HCT services to 1.4 percent.
- Allows a regional transit authority to impose property tax levies of up to 25 cents per \$1,000 of assessed value for the HCT services.

Hearing Date: 1/28/15

Staff: David Munnecke (786-7315).

Background:

High Capacity Transportation Systems.

In the central Puget Sound region, high capacity transportation (HCT) systems may be established and financed by a regional transit authority (Sound Transit) or a regional transportation investment district. Outside the central Puget Sound region, the HCT systems may be established by transit agencies in counties containing an interstate highway that have a population greater than 175,000, which are Benton, Clark, Spokane, Thurston, Whatcom, and Yakima counties.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

High capacity transportation system means a system of public transportation services within an urbanized region operating principally on exclusive rights-of-way, and the supporting services and facilities necessary to implement the system, including interim express services and high occupancy vehicle lanes, which, taken as a whole, provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways.

Transit agencies authorized to provide the HCT service may seek to finance the system and service with the following voter-approved revenue measures:

- an employer tax of up to \$2 per month per employee;
- rental car sales and use tax not to exceed 2.172 percent; and
- sales and use tax not to exceed 0.9 percent.

In general, most transit agencies, like public transportation benefit areas and county transportation authorities, are authorized to impose a sales and use tax of up to 0.9 percent with voter approval for the purpose of funding public transportation services.

Sound Transit.

A Regional Transit Authority (RTA) is authorized to use its tax revenues to develop and operate a HCT system. There is currently one RTA, Sound Transit, which operates light rail, commuter rail service, and express bus service in the central Puget Sound. After the approval of the most recent system expansion plan in 2008, Sound Transit imposes a sales and use tax of 0.9 percent and a motor vehicle excise tax of 0.3 percent within the boundaries of the Sound Transit district.

Property Tax Levy.

The state Constitution limits regular property tax levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example, the state levy rate is limited to \$3.60 per \$1,000 of assessed value, county general levies are limited to \$1.80 per \$1,000 of assessed value, county road levies are limited to \$2.25 per \$1,000 of assessed value, and city levies are limited to \$3.375 per \$1,000 of assessed value. These districts are known as "senior" districts. Junior districts such as fire, library, hospital, and metropolitan park districts each have specific rate limits as well. The tax rates for most of these senior and junior districts must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. State statutes contain schedules specifying the preferential order in which the various junior taxing district levies will be prorated in the event that the \$5.90 limit is exceeded. Under this prorating system, senior districts are given preference over junior districts.

Property Tax "Gap".

A few regular property tax levies are not placed into the \$5.90 aggregate rate limit: emergency medical services, conservation futures, affordable housing, certain metropolitan park districts, county ferry districts, criminal justice, fire districts, and county transit. However, these districts are subject to reduction if the rates for these districts, the state property tax, and the districts subject to the \$5.90 limit together exceed the constitutional limit of \$10 per \$1,000 of assessed value. These districts are in what has been called the "gap," the 50 cents remaining after subtracting the \$3.60 state levy and the \$5.90 in local regular levies from the statutory \$10 limit.

Summary of Bill:

The imposition of a motor vehicle excise tax (MVET) of up to 0.8 percent of the value of the vehicle is authorized for various types of transit providers, including the RTAs, for the HCT services. The 0.8 percent is in addition to any previously authorized MVET if that MVET will expire when the bond debt to which it is pledged is repaid. For counties outside the central Puget Sound, this authorization is limited to counties with a population of 210,000 or more and counties with a population of 125,000 to 209,999 that border a county with a population of 210,000 or more.

The MVET does not apply to trucks with an unladen weight greater than 6,000 pounds, farm vehicles, and commercial trailers. The depreciation schedule that is used to calculate an MVET imposed by an RTA remains the same as the MVET schedule in effect for any bonds issued by the RTA until those bonds are repaid. After any such bonds are repaid, the MVET schedule for that RTA switches to the schedule in effect at the time the MVET is approved by the voters.

The rental car sales and use tax that can be imposed is limited to the same ratio as the MVET that is imposed bears to the amount of the MVET that is allowed.

The maximum sales and use tax rate that can be imposed for the HCT services is increased to 1.4 percent in counties that impose an additional sales and use tax for criminal justice purposes pursuant to RCW 82.14.340 and for the RTAs where at least one county in the RTA imposes the additional sales and use tax for criminal justice purposes pursuant to RCW 82.14.340. For counties outside the central Puget Sound, this increased authorization is further limited to counties with a population of 210,000 or more and counties with a population of 125,000 to 209,999 that border a county with a population of 210,000 or more.

A RTA is potentially authorized to impose two property tax levies of up to 25 cents per \$1,000 of assessed value for the HCT services.

Appropriation: None.

Fiscal Note: Available .

Effective Date: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for sections 6 and 9 relating to property tax levies, which take effect January 1, 2018.