
Transportation Committee

HB 2186

Brief Description: Establishing a tax for the provision of nonresidential parking facilities.

Sponsors: Representatives Walkinshaw, Fitzgibbon, Farrell and Fey.

Brief Summary of Bill

- Authorizes cities, counties, and regional transportation investment districts to impose a tax on the provision of nonresidential parking facilities, which include any privately owned off-street facilities designed or intended principally for the purpose of motor vehicle parking.
- Requires a jurisdiction that imposes a nonresidential parking tax to allow a credit for any commercial parking tax imposed with respect to the same parking facility and tax reporting period.

Hearing Date: 2/18/16

Staff: Mark Matteson (786-7145).

Background:

Commercial Parking Tax.

In 1990 the Legislature first authorized a commercial parking tax for local government use. The tax may be imposed in a councilmanic manner by a county (for the unincorporated area of the county), a city, or a regional transportation investment district; the tax may not be imposed by more than one jurisdiction with respect to the same parking use. The tax may be imposed on a commercial parking business, based on the gross proceeds of the business or on the number of stalls, or imposed on the customer. If imposed on the business, there is no limitation on the rate, except that the rate charged must be uniform for the same class or type of business. If imposed on the customer, the tax may be per-vehicle or measured by the parking charge, and the rate may vary with zoning or location, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other factors. Proceeds from the tax must be used for transportation purposes, including the construction and operation of state highways, county roads, and city streets; public

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transportation; high capacity transportation; transportation planning and design; or other transportation projects or programs of statewide or regional significance.

In 2014 there were 11 cities that imposed a commercial parking tax: Bainbridge Island, Bremerton, Burien, Des Moines, Milton, Mukilteo, Port Angeles, SeaTac, Seattle, Sumner, and Tukwila. Total revenue collections were \$44.1 million.

City of Seattle Study to Evaluate Parking Tax Options.

The City of Seattle (City) implemented a commercial parking tax in July 2007 on motorists who pay to park a motor vehicle within city limits. In 2010 the City contracted with the Victoria Transport Policy Institute and the Washington State Transportation Center (TRAC) at the University of Washington to evaluate parking tax options for possible implementation by the City. According to the study, the commercial parking tax generated significantly more money than originally projected, because the City underestimated the amount of paid parking at institutions like hospitals, campuses, and office buildings. The study noted that the commercial parking tax has several features that contradict the City's strategic planning objectives: the tax makes user-paid parking less profitable and therefore less attractive to parking facility owners; it increases the value to motorists of parking subsidies—which tend to reduce the portion of parking that is efficiently priced; and it places most of the tax burden on major commercial districts and campuses, where user-paid parking is more common, placing such locations at a competitive disadvantage with shopping malls and other automobile-oriented development, where parking is generally free.

To address the facets of the commercial parking tax that are problematic with respect to the City's strategic planning objectives, the study suggests that the City consider a nonresidential parking tax (NRPT). A NRPT is a tax that applies to all nonresidential parking, regardless of whether the parking is priced or not. The study suggests that such a tax would distribute cost burdens more efficiently than the commercial parking tax and encourage property owners to manage parking supply more efficiently.

Summary of Bill:

Authorization is provided to cities, counties, and regional transportation investment districts to impose a tax on the provision of nonresidential parking facilities. The "provision of nonresidential parking facilities" means to make available, whether for a fee or not, any privately owned off-street facility designed or intended principally for the purpose of motor vehicle parking. The measure of the tax may be the gross proceeds from the provision of the parking facility, the total surface area of the nonresidential parking area, or the number of vehicle stalls. The tax rate may vary with zoning or location, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other factors. Proceeds from the tax must be used for transportation purposes, including the construction and operation of state highways, county roads, and city streets; public transportation; high capacity transportation; and transportation planning and design.

The tax may be imposed in a councilmanic manner by a county (for the unincorporated area of the county), a city, or a regional transportation investment district; the tax may not be imposed by more than one jurisdiction with respect to the same parking business. A jurisdiction imposing the tax must allow a car dealership or rental car business a tax deduction for that portion of its total

parking area that is used for retail stock or display. Any tax imposed must allow a credit against tax due for any commercial parking tax paid with respect to the same nonresidential parking facility for the same tax reporting period.

Appropriation: None.

Fiscal Note: Requested on January 11, 2016.

Effective Date: The bill takes effect on January 1, 2016.