

HOUSE BILL REPORT

HB 1410

As Reported by House Committee On:

Finance
Transportation

Title: An act relating to authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Brief Description: Authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Sponsors: Representatives Doglio, Dolan, Fey, Farrell, Jinkins, Fitzgibbon, Pollet and Springer.

Brief History:

Committee Activity:

Finance: 1/24/17, 2/3/17 [DP];

Transportation: 2/22/17, 2/23/17 [DP].

Brief Summary of Bill

- Increases the rate of sales and use tax that may be imposed by certain public transportation benefit areas.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 7 members: Representatives Lytton, Chair; Frame, Vice Chair; Dolan, Pollet, Springer, Stokesbary and Wilcox.

Minority Report: Do not pass. Signed by 2 members: Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative Condotta.

Staff: Rachele Harris (786-7137).

Background:

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.

Public transit systems are special districts that are authorized to provide public transportation service within specific boundaries. Transit systems are formed under a variety of governance structures, including Public Transportation Benefit Areas (PTBAs), Metropolitan Municipal Corporations (Metros), Transportation Benefit Districts (TBDs), county transportation authorities, city-owned transit systems, and regional transit authorities.

"Public transportation service" refers to the provision of transportation for packages, passengers, and their incidental baggage (by means other than by chartered bus or by sight-seeing bus), along with the necessary passenger terminals and parking facilities, or other properties necessary for passenger and vehicular access to and from such systems. In the case of some PTBAs, service can also include passenger-only ferry service.

In addition to setting and raising fares, a public transit system or legislative body may seek voter approval to impose a local sales and use tax of up to 0.9 percent to fund transit services. Most transit systems are also permitted to seek approval for a business and occupation tax and a household tax in lieu of a sales and use tax. Certain municipal transit authorities serving counties with large populations are permitted to levy an additional sales and use tax of up to 0.3 percent.

Summary of Bill:

The legislative body of a PTBA located in a county with a population of more than 250,000 and less than 400,000 that also contains two or more cities with a population of 40,000 or more is granted authority, subject to voter approval, to impose a sales and use tax of up to 0.3 percent that is in addition to any previously authorized public transportation-related sales and use taxes imposed.

Based on the 2016 Office of Financial Management population estimates, the bill would only apply to Thurston County's PTBA, Intercity Transit, which currently levies a sales and use tax of 0.8 percent. The bill would permit Intercity Transit to seek voter approval to impose a rate of up to 1.2 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2017.

Staff Summary of Public Testimony:

(In support) This bill will increase the authority for voter-approved taxing for transportation. Intercity transit connects Lacey, Yelm, Olympia, Tumwater, and unincorporated Thurston county. The services it provides include vanpools, dial-a-lift, village vans, and community vans for nonprofits. Ridership has grown by 68 percent in the last 10 years and is increasing,

as demand is ongoing. The board of Intercity Transit would like to expand services. We are currently authorized to levy up to 0.9 percent, we currently levy 0.8 percent. We need additional authority to ask voters for more capacity and the ability to have a clear plan and vision to present to voters. Snohomish County was granted this authority in the 2015 transportation package. Public transit is vital in the community.

Intercity Transit serves over 100,000 people. Seventy-five percent of the budget is from sales and use taxes. There has recently been a reduction in overall federal support, which undermines our ability to address capital needs, let alone put additional services on the street. The success of our comprehensive plan is dependent on a higher level of service than we can currently provide. It's not feasible to add road capacity to downtown Olympia, but we need to accommodate the transit needs of a growing population. The cost of road development is higher and more disruptive than alternative transport modes.

Youth, in particular, depend on the bus for transit between work, school, and other events and obligations; it is their primary mode of transport. One's ability to go to college or work shouldn't be limited by an inability to travel. Intercity Transit increased fares in 2013 by 25 percent. Good public transit is critical for people with disabilities in order to get around and maintain independence. Recruitment strategies to attract people and jobs to the area depends on leveraging resources in the community. Intercity Transit is one of the best transit systems around and it is critical to local economic development.

(Opposed) None.

Persons Testifying: Representative Doglio, prime sponsor; Ann Freeman-Manzanares, Intercity Transit; Nathaniel Jones, Olympia City Council; Walter Smit; Lin Zenki; Michael Cade, Thurston County Economic Development Council; and Larry Watkinson.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 15 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Wylie, Vice Chair; Chapman, Gregerson, Kloba, Lovick, McBride, Morris, Ortiz-Self, Riccelli, Stambaugh, Tarleton and Young.

Minority Report: Do not pass. Signed by 9 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Hayes, Irwin, Pellicciotti, Pike, Shea and Van Werven.

Staff: David Munnecke (786-7315).

Summary of Recommendation of Committee On Transportation Compared to Recommendation of Committee On Finance:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2017.

Staff Summary of Public Testimony:

(In support) This bill increases the sales and use tax authority for Intercity Transit (IT), which provides bus, paratransit, and vanpool service for much of Thurston County. Intercity Transit wants to expand its service, and it needs expanded funding in order to do so.

Community Transit was granted this same authority to increase its sales and use tax in 2015.

Intercity Transit serves 180,000 people in 100 square miles, and it currently levies a 0.8 percent sales and use tax. The community it serves wants more service, and with the recent reductions in federal support, IT can not even keep the current service levels.

Sales and use tax increases have been approved for IT before. The need for IT service will continue to grow, and IT needs to be able to follow the same approach as Community Transit.

Intercity Transit supports many aspects of life in the community. It is an organization that is synchronized with the community, and it is well run. Intercity Transit provides great service, and with 97,000 new residents expected in Thurston County in the next 20 years, it is needed for both economic development and transportation to the new jobs that will be needed.

This bill is an economic catalyst for those who cannot drive themselves.

House Bill 1410 gives IT the funding authority it needs to expand its service, which would make it both easier to use and protect the climate. Mass transit service also reduces poverty because reliable transportation increases people's incomes.

(Opposed) None.

Persons Testifying: Representative Doglio, prime sponsor; Ann Freeman, Intercity Transit; Bud Blake, Thurston County Board of Commissioners; Larry Watkinson; and Elyette Weinstein, League of Women Voters.

Persons Signed In To Testify But Not Testifying: None.