

SENATE BILL REPORT

SB 6606

As of December 7, 2020

Title: An act relating to regional transit authorities.

Brief Description: Concerning regional transit authorities.

Sponsors: Senators Liias, Mullet, Hobbs, Dhingra, Kuderer, Conway, Darneille, Keiser, Wilson, C., McCoy, Das, Billig, Saldaña and Stanford.

Brief History:

Committee Activity: Transportation: 2/04/20.

Brief Summary of Bill

- Requires a regional transit authority (RTA) that levies a motor vehicle excise tax (MVET) to use new depreciation schedules to determine the value of vehicles.
- Amends the new depreciation schedule for passenger vehicles and light trucks to reduce the value of vehicles with between 12 and 15 years of service for the purpose of calculating a MVET.
- Adds new requirements for lease agreements between the Washington State Department of Transportation, RTAs, and other public entities.
- Allows vehicle owners subject to a MVET levied by a RTA to pay the tax using a Good to Go! account and to enter into a quarterly or monthly payment plan.
- Repeals the parts of Initiative 976 related to RTA MVETs if the initiative is allowed to take effect.

SENATE COMMITTEE ON TRANSPORTATION

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

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Background: Regional Transit Authority. An RTA is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus services and light rail. There is currently one RTA—Sound Transit—which operates light rail, commuter rail, and express bus service in Puget Sound. Sound Transit currently imposes the following voter-approved taxes:

- 1.4 percent sales and use tax;
- 1.1 percent MVET; an annual \$0.25 per \$1,000 of assessed value property tax; and
- a rental car sales tax of 0.8 percent

Motor Vehicle Excise Tax. An MVET is a tax paid on the value of a motor vehicle. Voterapproved Initiative 695 (2000) and Initiative 776 (2003) repealed statewide and local MVETs. Both initiatives were eventually ruled unconstitutional in whole or in part, but the Legislature repealed the statewide MVET in 2000. Certain local MVETs were retained, including those levied by Sound Transit and the Seattle Monorail. Sound Transit is the only local agency currently imposing an MVET to develop and operate a high capacity transit system.

Until 1990, vehicle valuation was determined by agency rules. In 1990, the Legislature adopted statutory valuation schedules to simplify MVET administration. Under the 1990 change, the tax base is the manufacturer's base suggested retail price when the vehicle is first offered for sale, multiplied by a depreciation schedule. The following vehicle valuation schedule for passenger cars and trucks is currently used by Department of Licensing (DOL) and Sound Transit:

MVET Valuation Schedule Currently in Use

Year	Schedule 1*	Schedule 2**
1	100%	100%
2	95%	90%
3	89%	83%
4	83%	75%
5	74%	67%
6	65%	59%
7	57%	52%
8	48%	44%
9	40%	36%
10	31%	28%
11	22%	21%
12	14%	13%

13 older	or	10%	10%
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*Schedule 1: Passenger vehicles, motorcycles, light-duty trucks, and small trailers. Base manufacturer's suggested retail price (MSRP) is used in the valuation. **Schedule 2: Certain trucks with scale weight of over 6001 pounds.

The 2005 transportation budget directed the Joint Transportation Committee (JTC) to study the feasibility of developing a uniform MVET depreciation schedule that would more accurately reflect vehicle value and not hinder existing debt obligations. As a result of the study, in 2006 the Legislature passed SSB 6247, which enacted the following new valuation schedule.

2006 Valuation Schedule

Year	Schedule A*	Schedule B**
1	100%	100%
2	81%	81%
3	67%	72%
4	55%	63%
5	45%	55%
6	37%	47%
7	30%	41%
8	25%	36%
9	20%	32%
10	16%	27%
11	13%	26%
12	11%	24%
13	9%	23%
14	7%	21%
15	3%	16%
16 older	or	0% 10%

*Schedule A: Heavy and medium trucks whose empty scale weights exceed 6000 pounds, including commercial and log use trucks. Valuation represents the average, annual national market depreciation for all vehicles in the class. The same method as provided in Schedule 2, MVET Valuation Schedule Currently in Use, is used. ** Schedule B: All other vehicles. The valuation represents average, annual western-region market depreciation for passenger vehicles and light trucks.

Base value for heavy and medium trucks is defined by latest purchase price (Schedule A). Base vehicle valuation is defined at 85 percent of MSRP for all taxable vehicle use classes other than heavy and medium trucks (Schedule B).

Current Regional Transit Authority Motor Vehicle Excise Tax. In 2015, the Legislature passed an omnibus transportation revenue bill that included authority for an RTA to increase their MVET collection by 0.8 percent with voter approval. The MVET authority provided in the revenue bill specified the vehicle valuation method for collection of the 0.8 percent MVET would be the MVET schedules as they were listed in statute in January 1996, until bonds issued against the original 0.3 percent MVET have been paid off. Bonds issued against the original 0.3 percent MVET are currently anticipated to be paid off in 2028, at which point the 0.3 percent MVET will cease being collected. MVET collected after December 31st in the year the 0.3 percent MVET bond debt is retired must use the valuation schedules enacted in 2006.

Department of Licensing Cost Recovery. Before beginning collection of a MVET, a local government, which includes Sound Transit, must contract with the DOL for the collection of the tax. DOL may charge a reasonable amount for administration costs.

Leases of Washington State Department of Transportation-Owned Lands. The Washington State Department of Transportation (DOT) is authorized to rent or lease land, improvements, or air space above or below any lands it does not presently need, but are held for highway purposes. DOT adopted administrative rules to implement this authority, which include the method by which the value of the property interest being rented or leased is determined. Under the administrative rules, the consideration for air space being leased must be economic rent. Administrative rules for rental rates of highway lands and improvements require the rental rate be economic rent as determined by either a market data report of rentals or a written appraisal.

Good to Go! Accounts. DOT uses a photo toll system that reads a vehicle license plate at toll facilities within the state. Motorists may open and use a Good To Go! account linked to their vehicle license plate to automatically pay tolls.

Initiative 976. In November 2019, voters approved Initiative 976. In December 2019, a King County Superior Court granted a motion for a preliminary injunction for the initiative, temporarily preventing it from taking effect while the court decides whether the initiative is constitutional. Among other provisions, Initiative 976 repeals and modifies the RTA MVET provisions in statute.

Summary of Bill:

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.