## SUBSTITUTE SENATE BILL 6606

State of Washington 66th Legislature 2020 Regular Session

By Senate Transportation (originally sponsored by Senators Liias, Mullet, Hobbs, Dhingra, Kuderer, Conway, Darneille, Keiser, Wilson, C., McCoy, Das, Billig, Saldaña, and Stanford)

READ FIRST TIME 02/11/20.

AN ACT Relating to regional transit authorities; amending RCW 1 2 82.44.135, 47.12.120, 47.52.090, 47.12.125, 46.16A.110, 46.17.040, 3 and 82.44.060; reenacting and amending RCW 81.104.160 and 82.44.035; adding a new section to chapter 47.01 RCW; creating a new section; 4 5 repealing RCW 82.44.038 and 81.112.800; repealing 2020 c 1 ss 9, 10, and 13; repealing 2020 c 1 ss 11 and 16 (uncodified); providing 6 7 effective dates; providing a contingent effective date; and declaring 8 an emergency.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 PART I:

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## 11 REGIONAL TRANSIT AUTHORITY MOTOR VEHICLE EXCISE TAXES

- Sec. 1. RCW 81.104.160 and 2015 3rd sp.s. c 44 s 319 are each reenacted and 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

p. 1 SSB 6606

transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before July 15, 2015, 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 July 15, 2015, 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 July 15, 2015. 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 July 15, 2015, must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.)) The motor vehicle excise tax imposed under this subsection (1) must comply with RCW 82.44.035.

(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 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 is the selling price in the case of a use tax.

(3) Any motor vehicle excise tax ((previously)) imposed under the provisions of ((RCW 81.104.160(1))) subsection (1) of this section before December 5, 2002, 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 before December 5, 2002, the motor

p. 2 SSB 6606

vehicle excise tax must comply with ((chapter 82.44 RCW as it existed on January 1, 1996)) RCW 82.44.035.

(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 11, Laws of 2015 3rd sp. sess.

## 8 Sec. 2. RCW 82.44.035 and 2010 c 161 s 910 are each reenacted 9 and amended to read as follows:

(1) For the purpose of determining any locally imposed motor vehicle excise tax, the value of a truck or trailer shall be the latest purchase price of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the following percentage based on year of service of the vehicle since last sale. The latest purchase year shall be considered the first year of service.

18	YEAR OF SERVICE	PERCENTAGE
19	1	100
20	2	81
21	3	67
22	4	55
23	5	45
24	6	37
25	7	30
26	8	25
27	9	20
28	10	16
29	11	13
30	12	11
31	13	9
32	14	7
33	15	3
34	16 or older	0

p. 3 SSB 6606

(2) The reissuance of a certificate of title and registration certificate for a truck or trailer because of the installation of body or special equipment shall be treated as a sale, and the value of the truck or trailer at that time, as determined by the department from such information as may be available, shall be considered the latest purchase price.

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(3) For the purpose of determining any locally imposed motor vehicle excise tax, the value of a vehicle other than a truck or trailer shall be eighty-five percent of the manufacturer's base suggested retail price of the vehicle when first offered for sale as a new vehicle, excluding any optional equipment, applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in this subsection (3) based on year of service of the vehicle.

If the manufacturer's base suggested retail price is unavailable or otherwise unascertainable at the time of initial registration in this state, the department shall determine a value equivalent to a manufacturer's base suggested retail price as follows:

- (a) The department shall determine a value using any information that may be available, including any guidebook, report, or compendium of recognized standing in the automotive industry or the selling price and year of sale of the vehicle. The department may use an appraisal by the county assessor. In valuing a vehicle for which the current value or selling price is not indicative of the value of similar vehicles of the same year and model, the department shall establish a value that more closely represents the average value of similar vehicles of the same year and model. The value determined in this subsection (3) (a) shall be divided by the applicable percentage listed in (b) of this subsection (3) to establish a value equivalent to a manufacturer's base suggested retail price and this value shall be multiplied by eighty-five percent.
- 33 (b) The year the vehicle is offered for sale as a new vehicle 34 shall be considered the first year of service.

35	YEAR OF SERVICE	PERCENTAGE
36	1	100
37	2	81
38	3	72

p. 4 SSB 6606

1	4	63
2	5	55
3	6	47
4	7	41
5	8	36
6	9	32
7	10	27
8	11	26
9	12	(( <del>24</del> )) <u>16</u>
10	13	(( <del>23</del> )) <u>12</u>
11	14	(( <del>21</del> )) <u>12</u>
12	15	(( <del>16</del> )) <u>12</u>
13	16 or older	10

14 (4) For purposes of this chapter, value shall exclude value 15 attributable to modifications of a vehicle and equipment that are 16 designed to facilitate the use or operation of the vehicle by a 17 person with a disability.

- 18 **Sec. 3.** RCW 82.44.135 and 2006 c 318 s 9 are each amended to 19 read as follows:
  - (1) Before a local government subject to this chapter may impose a motor vehicle excise tax, the local government must contract with the department for the collection of the tax. ((The)) Except as otherwise provided in this section, the department may charge a reasonable amount, not to exceed one percent of tax collections, for the administration and collection of the tax.
- 26 (2) Any contract entered into with a regional transit authority
  27 for the collection of a motor vehicle excise tax must provide that
  28 the department receives full reimbursement for the administration and
  29 collection of the tax, including those costs related to customer
  30 service and information technology.

31 PART II:

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## LEASING OF STATE FACILITIES TO A REGIONAL TRANSIT AUTHORITY

p. 5 SSB 6606

1 **Sec. 4.** RCW 47.12.120 and 2003 c 198 s 2 are each amended to read as follows:

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The department may rent or lease any lands, improvements, or air space above or below any lands that are held for highway purposes but are not presently needed. The rental or lease:

- (1) Must be upon such terms and conditions as the department may determine;
- (2) Is subject to the provisions and requirements of zoning ordinances of political subdivisions of government;
- 10 (3) Includes lands used or to be used for both limited access and conventional highways that otherwise meet the requirements of this section; ((and))
  - (4) In the case of bus shelters provided by a local transit authority that include commercial advertising, may charge the transit authority only for commercial space; and
- 16 <u>(5) In the case of use by a regional transit authority, must</u>
  17 <u>include consideration at rental value (economic rent) and must</u>
  18 provide that the department shall allow:
- 19 <u>(a) Rental or lease obligations accrued by a regional transit</u> 20 <u>authority to accrue using a land bank agreement;</u>
- 21 <u>(b) A negative balance in the land bank until January 1, 2042;</u>
  22 and
- 23 (c) A regional transit authority to enter into separate
  24 agreements with counties, incorporated cities and towns, and
  25 municipal corporations for the sublease or subrent of the lands,
  26 improvements, or airspace leased or rented from the department. The
  27 agreements between a regional transit authority and counties,
- 28 <u>incorporated cities and towns, and municipal corporations may allow</u>
- 29 for cash payments to the regional transit authority.
- 30 **Sec. 5.** RCW 47.52.090 and 1984 c 7 s 241 are each amended to 31 read as follows:

32 The highway authorities of the state, counties, incorporated cities and towns, regional transit authorities, and municipal 33 corporations owning or operating an urban public transportation 34 system are authorized to enter into agreements with each other, or 35 with the federal government, respecting the financing, planning, 36 establishment, improvement, construction, 37 maintenance. 38 regulation, or vacation of limited access facilities in their 39 respective jurisdictions to facilitate the purposes of this chapter.

p. 6 SSB 6606

Any such agreement may provide for the exclusive or nonexclusive use of a portion of the facility by streetcars, trains, or other vehicles forming a part of an urban public transportation system and for the erection, construction, and maintenance of structures and facilities of such a system including facilities for the receipt and discharge of passengers. Within incorporated cities and towns the title to every state limited access highway vests in the state, and, notwithstanding any other provision of this section, the department shall exercise full jurisdiction, responsibility, and control to and over the highway from the time it is declared to be operational as a limited access facility by the department, subject to the following provisions:

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- (1) Cities and towns shall regulate all traffic restrictions on such facilities except as provided in RCW 46.61.430, and all regulations adopted are subject to approval of the department before becoming effective. Nothing herein precludes the state patrol or any county, city, or town from enforcing any traffic regulations and restrictions prescribed by state law, county resolution, or municipal ordinance.
- (2) The city, town, or franchise holder shall at its own expense maintain its underground facilities beneath the surface across the highway and has the right to construct additional facilities underground or beneath the surface of the facility or necessary overcrossings of power lines and other utilities as may be necessary insofar as the facilities do not interfere with the use of the rightof-way for limited access highway purposes. The city or town has the right to maintain any municipal utility and the right to open the surface of the highway. The construction, maintenance until permanent repair is made, and permanent repair of these facilities shall be done in a time and manner authorized by permit to be issued by the department or its authorized representative, except to meet emergency conditions for which no permit will be required, but any damage occasioned thereby shall promptly be repaired by the city or town itself, or at its direction. Where a city or town is required to relocate overhead facilities within the corporate limits of a city or town as a result of the construction of a limited access facility, the cost of the relocation shall be paid by the state.
- (3) Cities and towns have the right to grant utility franchises crossing the facility underground and beneath its surface insofar as the franchises are not inconsistent with the use of the right-of-way

p. 7 SSB 6606

for limited access facility purposes and the franchises are not in conflict with state laws. The department is authorized to enforce, in an action brought in the name of the state, any condition of any franchise that a city or town has granted. No franchise for transportation of passengers in motor vehicles may be granted on such highways without the approval of the department, except cities and towns are not required to obtain a franchise for the operation of municipal vehicles or vehicles operating under franchises from the city or town operating within the corporate limits of a city or town and within a radius not exceeding eight miles outside the corporate limits for public transportation on such facilities, but these vehicles may not stop on the limited access portion of the facility to receive or to discharge passengers unless appropriate special lanes or deceleration, stopping, and acceleration space is provided for the vehicles. 

Every franchise or permit granted any person by a city or town for use of any portion of a limited access facility shall require the grantee or permittee to restore, permanently repair, and replace to its original condition any portion of the highway damaged or injured by it. Except to meet emergency conditions, the construction and permanent repair of any limited access facility by the grantee of a franchise shall be in a time and manner authorized by a permit to be issued by the department or its authorized representative.

- (4) The department has the right to use all storm sewers that are adequate and available for the additional quantity of runoff proposed to be passed through such storm sewers.
- (5) The construction and maintenance of city streets over and under crossings and surface intersections of the limited access facility shall be in accordance with the governing policy entered into between the department and the association of Washington cities on June 21, 1956, or as such policy may be amended by agreement between the department and the association of Washington cities.
- (6) An agreement under this section between the department and a regional transit authority for the lease or rent of lands, improvements, or airspace above or below any lands that are held for highway purposes must include consideration at rental value (economic rent) and must provide that the department shall allow:
- 38 <u>(a) Rental or lease obligations accrued by a regional transit</u> 39 <u>authority to accrue using a land bank agreement;</u>

p. 8 SSB 6606

- 1 (b) A negative balance in the land bank until January 1, 2042; 2 and
- 3 (c) A regional transit authority to enter into separate agreements with counties, incorporated cities and towns, and 4
- municipal corporations for the sublease or subrent of the lands, 5
- 6 improvements, or airspace leased or rented from the department. The
- 7 agreements between a regional transit authority and counties,
- incorporated cities and towns, and municipal corporations may allow 8
- for cash payments to the regional transit authority. 9
- RCW 47.12.125 and 1999 c 94 s 15 are each amended to 10 Sec. 6. 11 read as follows:
- All moneys paid to the state of Washington under any of the 12 13 provisions of RCW 47.12.120 shall be deposited in the department's advance right-of-way revolving fund, except moneys that are subject 14 15 to federal aid reimbursement and moneys received from rental of 16 capital facilities properties, which shall be deposited in the motor vehicle fund. Rental or lease obligations accrued by a regional 17 18 transit authority through a land bank agreement with the department shall be allowed to be held as a negative balance in the land bank,
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- 20 with cash payments deferred, until January 1, 2042.
- 21 PART III:

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- 22 PAYMENT OF MOTOR VEHICLE EXCISE TAXES WITHIN A REGIONAL TRANSIT 23 AUTHORITY
- 24 **Sec. 7.** RCW 46.16A.110 and 2014 c 80 s 3 are each amended to 25 read as follows:
  - (1) A registered owner or the registered owner's authorized representative must apply for a renewal vehicle registration to the department, county auditor or other agent, or subagent appointed by the director on a form approved by the director. The application for a renewal vehicle registration must be accompanied by a draft, money order, certified bank check, or cash for all fees and taxes required by law for the application for a renewal vehicle registration, except as allowed under subsection (6) of this section.
  - (2) (a) When a vehicle changes ownership, the person taking ownership or his or her authorized representative must apply for a renewal vehicle registration as provided in subsection (1) of this section and, except as provided in (b) of this subsection, pay all

p. 9 SSB 6606

- 1 the taxes and fees that are due at the time of registration renewal.
- 2 For the purposes of this section, when a vehicle is sold to a vehicle
- 3 dealer for resale, the application for a renewal registration need
- 4 not be made until the vehicle is sold by the vehicle dealer.

- (b) The person taking ownership or his or her authorized representative must be given credit for the portion of a motor vehicle excise tax, including the motor vehicle excise tax collected under RCW 81.104.160, that reflects the remaining period for which the tax was initially paid by the previous owner.
  - (3) An application and the fees and taxes for a renewal vehicle registration must be handled in the same manner as an original vehicle registration application. The registration does not need to show the name of the lienholder when the application for renewal vehicle registration becomes the renewal registration upon validation.
  - (4) A person expecting to be out of state during the normal renewal period of a vehicle registration may renew a vehicle registration and have license plates or tabs preissued by applying for a renewal as described in subsection (1) of this section. A vehicle registration may be renewed for the subsequent registration year up to eighteen months before the current expiration date and must be displayed from the date of issue or from the day of the expiration of the current registration year, whichever date is later.
  - (5) An application for a renewal vehicle registration is not required for those vehicles owned, rented, or leased by:
  - (a) The state of Washington, or by any county, city, town, school district, or other political subdivision of the state of Washington; or
  - (b) A governing body of an Indian tribe located within this state and recognized as a governmental entity by the United States department of the interior.
  - (6) If a vehicle is subject to a motor vehicle excise tax pursuant to RCW 81.104.160, the registered owner or the registered owner's authorized representative may:
- 35 <u>(a) Accompany the registered owner or registered owner's</u>
  36 <u>authorized representative's application for a renewal vehicle</u>
  37 <u>registration with payment from an existing balance in a "Good to Go!"</u>
  38 <u>account linked to the registered vehicle; and</u>
- 39 <u>(b) Enter into either a quarterly or monthly payment plan with</u> 40 <u>the department for all fees and taxes required by law for the</u>

p. 10 SSB 6606

- 1 application for a renewal vehicle registration if payments are made from an existing balance in a "Good to Go!" account linked to the 2 registered vehicle pursuant to (a) of this subsection. The quarterly 3 or monthly payments must each be of an equal amount, except when the 4 entire remaining amount of the motor vehicle excise tax due is paid 5 6 along with any payment that is due. The first quarterly or monthly 7 payment must be made with the application for a renewal vehicle registration. Payments made after the application for a renewal 8 vehicle registration are not subject to additional fees under RCW 9 10 46.17.040(1)(b), 46.17.005, 46.17.025, or 46.17.015.
- NEW SECTION. Sec. 8. A new section is added to chapter 47.01
  RCW to read as follows:
- The department must allow the department of licensing to accept payment for renewal vehicle registrations from balances in "Good to Go!" accounts linked to the registered vehicle. The department may charge a fee of not more than one percent of each vehicle registration transaction to the "Good to Go!" account.
- 18 **Sec. 9.** RCW 46.17.040 and 2019 c 417 s 2 are each amended to 19 read as follows:
- 20 (1) The department, county auditor or other agent, or subagent 21 appointed by the director shall collect a service fee of:

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- (a) Fifteen dollars for changes in a certificate of title, changes in ownership for nontitled vehicles, or for verification of record and preparation of an affidavit of lost title other than at the time of the certificate of title application or transfer, in addition to any other fees or taxes due at the time of application; and
- (b) Eight dollars for a registration renewal, issuing a transit permit, or any other service under this section, in addition to any other fees or taxes due at the time of application, except payments made after the initial payment made with the application for a renewal vehicle registration under RCW 46.16A.110(6).
- 33 (2) Service fees collected under this section by the department 34 or county auditor or other agent appointed by the director must be 35 credited to the capital vessel replacement account under RCW 36 47.60.322.

p. 11 SSB 6606

- **Sec. 10.** RCW 82.44.060 and 2010 c 161 s 911 are each amended to read as follows:
  - (1) Any locally imposed excise tax:

- (a) Is due at the time of registration of a vehicle, except as allowed under subsection (4)(a) of this section;
- (b) Must be paid in full before any registration certificate or license tab may be issued, except as allowed under subsection (4)(a) of this section;
- 9 (c) Is in addition to any other vehicle license fees required by 10 law;
  - (d) Must be collected by the department, county auditor or other agent, or subagent appointed by the director of licensing before issuing the registration certificate, except as allowed under subsection (4)(a) of this section;
  - (e) Must be collected for each registration year, except as allowed under subsection (4)(a) of this section; and
  - (f) Must be levied for one full registration year beginning on the date of the calendar year designated by the department and ending on the same date of the next succeeding calendar year, except as allowed under subsection (4)(a) of this section. For vehicles registered under chapter 46.87 RCW, proportional registration, and for vehicle dealer plates issued under chapter 46.70 RCW, the registration year is the period provided in those chapters. However, the tax shall in no case be less than two dollars except for proportionally registered vehicles.
  - (2) A vehicle is deemed registered for the first time in this state when the vehicle was not previously registered by this state for the registration year immediately preceding the registration year in which the application for registration is made or when the vehicle has been registered in another jurisdiction subsequent to any prior registration in this state.
  - (3) An additional tax may not be imposed under this chapter on any vehicle when the certificate of title is being transferred if the tax has already been paid for the registration year or fraction of a registration year in which transfer of ownership occurs, except as required by a payment plan entered into pursuant to subsection (4)(a) of this section.
- 38 <u>(4)(a) If a vehicle is subject to a motor vehicle excise tax</u>
  39 <u>pursuant to RCW 81.104.160 and if payments are made from an existing</u>
  40 <u>balance in a "Good to Go!" account linked to the registered vehicle</u>

p. 12 SSB 6606

- 1 pursuant to RCW 46.16A.110(6), the registered owner or the registered owner's authorized representative may enter into either a quarterly 2 3 or monthly payment plan with the department for all fees and taxes required by law for the application for a renewal vehicle 4 registration. The quarterly or monthly payments must each be of an 5 6 equal amount, except when the entire remaining amount of the motor 7 vehicle excise tax due is paid along with any payment that is due. The first quarterly or monthly payment must be made with the 8 application for a renewal vehicle registration. Payments made after 9 the initial payment made with the application for a renewal vehicle 10 registration are not subject to additional fees under RCW 11 46.17.040(1)(b), 46.17.005, 46.17.025, or 46.17.015. 12
  - (b) The department and any regional transit authority imposing an excise tax pursuant to RCW 81.104.160 must provide a report to the transportation committees of the legislature by November 15, 2021, regarding the implementation of, and potential improvements to, the payment plan created under (a) of this subsection.

18 PART IV:

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19 MISCELLANEOUS

- NEW SECTION. Sec. 11. The following acts or parts of acts are each repealed:
- 22 (1) RCW 82.44.038 (Valuation of vehicles—Use of Kelley Blue Book value) and 2020 c 1 s 8 (Initiative Measure No. 976);
- 24 (2) RCW 81.112.800 (Motor vehicle excise tax—Outstanding bonds— 25 Retirement, defeasement, and refinancing) and 2020 c 1 s 12 26 (Initiative Measure No. 976);
  - (3) 2020 c 1 (Initiative Measure No. 976) s 9;
- 28 (4) 2020 c 1 (Initiative Measure No. 976) s 10;
- 29 (5) 2020 c 1 (Initiative Measure No. 976) s 11 (uncodified);
- 30 (6) 2020 c 1 (Initiative Measure No. 976) s 13; and
- 31 (7) 2020 c 1 (Initiative Measure No. 976) s 16 (uncodified).
- NEW SECTION. Sec. 12. Section 11 of this act takes effect immediately upon a court of final jurisdiction holding that chapter 1 (Initiative Measure No. 976), Laws of 2020 is no longer enjoined from effectiveness.

p. 13 SSB 6606

- NEW SECTION. Sec. 13. The department of licensing must provide written notice of the effective date of section 11 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.
- 6 <u>NEW SECTION.</u> **Sec. 14.** Sections 1 through 6 of this act take 7 effect January 1, 2021.
- 8 <u>NEW SECTION.</u> **Sec. 15.** Sections 7 through 10 of this act take 9 effect October 1, 2020.
- NEW SECTION. Sec. 16. Section 12 of 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.

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p. 14 SSB 6606