

HOUSE BILL REPORT

HB 1523

As Reported by House Committee On:
Transportation

Title: An act relating to renewal of the sales and use tax for transportation benefit districts.

Brief Description: Concerning renewal of the sales and use tax for transportation benefit districts.

Sponsors: Representatives Wylie, Rude and Slatter.

Brief History:

Committee Activity:

Transportation: 2/17/21, 2/22/21 [DP].

Brief Summary of Bill

- Allows a sales tax imposed by a transportation benefit district to be renewed every 10 years, with an affirmative vote of the people.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 24 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Berry, Chapman, Duerr, Entenman, Goehner, Griffey, Hackney, Klicker, Lovick, Ramel, Riccelli, Slatter, Sutherland, Taylor, Valdez and Wicks.

Minority Report: Do not pass. Signed by 3 members: Representatives McCaslin, Orcutt and Walsh.

Minority Report: Without recommendation. Signed by 2 members: Representatives Dent and Paul.

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.

Staff: David Munnecke (786-7315).

Background:

A transportation benefit district (TBD) is an independent taxing district and quasi-municipal corporation. A TBD may be created to acquire, construct, improve, provide, and fund transportation improvement projects within a district. The legislative authority of a city or county may create a TBD, and other jurisdictions may be incorporated via interlocal agreements.

Transportation benefit districts have the authority to raise revenue in the following ways, each of which are subject to voter approval:

- excess property taxes for up to one year;
- a local sales and use tax of up to 0.2 percent;
- a border area fuel tax in certain jurisdictions;
- annual vehicle fees of up to \$100; and
- vehicle tolls, subject to various restrictions.

A TBD may also raise revenue by imposing an annual vehicle fee of up to \$50 or by establishing transportation impact fees on commercial and industrial development, without receiving voter approval.

A TBD may only impose a sales and use tax for 10 years, unless the proceeds are dedicated to the repayment of indebtedness. A sales and use tax may also be extended for an additional 10 years with voter approval.

Summary of Bill:

A sales tax imposed by a TBD may be renewed every 10 years, with an affirmative vote of the people.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Transportation benefit districts are a flexible tool for transportation funding.

This bill would give them even more flexibility by extending the ability of a TBD to use sales and use taxes.

The City of Walla Walla implemented a TBD in 2012, and has since used a sales and use tax to leverage other funds at a four-to-one ratio. The city hopes to extend this sales and use tax in the future as needed.

Walla Walla chose the sales and use tax because it is a growing revenue source, to which everyone contributes. Voters should be allowed to continue the use of this tax, since it gives more revenue options.

(Opposed) None.

(Other) The change in this bill was one of the primary recommendations in a recent Joint Transportation Committee study. The Transportation Improvement Board considers TBD funding as a more certain source when it is looking at funding a project.

Persons Testifying: (In support) Representative Wylie, prime sponsor; Elizabeth Chamberlain, City of Walla Walla; Jerry Cummins; and Ann Haley.

(Other) Ashley Probart, Transportation Improvement Board.

Persons Signed In To Testify But Not Testifying: None.