

HOUSE BILL REPORT

SSB 5528

As Passed House - Amended:

March 3, 2022

Title: An act relating to the imposition of supplemental revenue sources within a regional transit authority area to finance high capacity transportation improvements, serving that area.

Brief Description: Concerning the imposition of supplemental revenue sources within a regional transit authority area.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Pedersen, Lias and Hawkins).

Brief History:

Committee Activity:

Transportation: 2/24/22, 2/28/22 [DP].

Floor Activity:

Passed House: 3/3/22, 50-48.

Brief Summary of Substitute Bill (As Amended by House)

- Allows a Regional Transit Authority (RTA) to establish one or more enhanced service zones (ESZ) within its boundaries to finance high capacity transportation system improvements directly benefiting the ESZ.
- Allows an RTA to collect certain additional taxes within an ESZ if a majority of the voters in the ESZ approve.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 15 members: Representatives Fey, Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Berry, Chapman, Donaghy, Duerr,

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.

Entenman, Hackney, Ramel, Riccelli, Slatter, Taylor, Valdez and Wicks.

Minority Report: Do not pass. Signed by 12 members: Representatives Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Dent, Goehner, Griffey, Klicker, McCaslin, Orcutt, Sutherland and Walsh.

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

Staff: David Munnecke (786-7315).

Background:

Regional Transit Authority.

A Regional Transit Authority (RTA) is authorized to levy and collect taxes within its boundaries and 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 parts of King, Snohomish, and Pierce counties. Sound Transit currently imposes the following voter-approved taxes:

- 1.4 percent sales and use tax;
- 1.1 percent motor vehicle excise tax (MVET);
- an annual 25 cents per \$1,000 of assessed value property tax; and
- a rental car sales tax of 0.8 percent.

High Capacity Transportation System Planning and Expert Review Panel Oversight.

Local authorities must follow a specific planning process for high capacity transportation system and project plans if their system plan includes a rail fixed guideway system component or a bus rapid transit component that is planned by a regional transit authority. An expert review panel must provide independent technical review for development of any system plan that will be funded in whole or in part by the imposition of any voter-approved local option funding sources and includes a rail fixed guideway system component or a bus rapid transit component that is planned by a regional transit authority. The expert review panel must be selected cooperatively by the chairs of the Senate and House of Representatives Transportation committees, the Secretary of the Department of Transportation, and the Governor.

Summary of Amended Bill:

Authority to Establish Enhanced Service Zones.

The board of an RTA may establish one or more enhanced service zones (ESZ) within a portion of the boundaries of the RTA to finance high capacity transportation system improvements directly benefiting the respective ESZ. An ESZ must lie entirely within the RTA boundaries and must comprise no less than the entire portion of a city or town that lies within the RTA boundaries. An ESZ may also include one or more entire adjacent cities or

towns and adjacent unincorporated areas, and must contain all or portions of one or more high capacity transportation projects included within an existing voter-approved regional transportation plan. There may also be multiple ESZs encompassing the same city or town, and adjacent unincorporated area.

Authority to Collect Additional Funding Within an Enhanced Service Zone.

An RTA may levy and collect within the boundaries of an ESZ one or more of the following voter-approved local option funding sources to finance the proposed improvements within the ESZ:

- a special MVET up to 1.5 percent in addition to the existing RTA MVET; and
- a commercial parking tax.

The commercial parking tax cannot be applied to exclusive and individual parking stalls provided as an inseverable condition of a residential lease agreement for the duration of that lease agreement, or parking charged separately from the residential rent payment, as long as the parking stall is in the same residential building in which the lessee resides.

Establishment Processes and Other Requirements.

Before an ESZ may be established, it must first be recommended to the RTA board by an advisory committee composed of board members representing the subarea in which the proposed ESZ is located. The advisory committee's recommendations must include proposed system improvements benefiting the ESZ, to be financed by residents of the ESZ but constructed and operated by the RTA.

If the board establishes the recommended ESZ, then the board must submit a ballot proposition to voters within the ESZ at a general or special election for approval of the proposed system improvements and funding sources. The funding sources may not be imposed without approval of a simple majority of the voters in the ESZ voting on the proposition. The proposition must include a specific description of the proposed system improvement or improvements, including speed, reliability, and safety enhancements to the improvements, and the funding sources to be imposed within the ESZ to raise revenue to fund the improvement or improvements.

Design and construction of the system improvements approved by the voters of an ESZ may not delay the estimated completion date of high capacity transportation system improvements contained in an existing voter-approved regional transit plan by more than six months. A regional transit authority must provide a report to the transportation committees of the Legislature regarding the engineering and financing of each system improvement that confirms that a system improvement will not delay the estimated completion date of high-capacity transportation system improvements contained in an existing voter-approved regional transit plan by more than six months, prior to the construction of any such system improvement.

A ballot proposition to voters within the ESZ may authorize improvements that are:

- enhancements to one or more high capacity transportation systems contained in an existing voter-approved regional transit plan, including modifications to an existing system's facilities that improve performance characteristics such as speed, reliability, potential for future expansion, and safety or the completion date of the system but do not change the mode or route alignment of the system previously approved by voters, and improvements to service, such as reducing headway times or adding interim bus service;
- new rail improvements on alignments that are not contained in an existing voter-approved regional transit plan and connect to the high capacity transportation system;
- high capacity transportation system planning for future system expansion within the ESZ; or
- a combination of these improvements.

Planning process requirements in RCW 81.104.100 and expert review panel requirements in RCW 81.104.110 are suspended for any ballot proposition submitted to the voters of an ESZ for planning and improvements, if the improvements are enhancements and only contain modifications to an existing system's facilities that improve performance characteristics but do not change the mode or route alignment of the system previously approved by voters.

To the extent that system improvements include new light rail components within Seattle, the light rail components shall be in entirely exclusive rights-of-way and not contain any level traffic crossings with modes not part of the light rail system.

Sound Transit is authorized to pledge ESZ parking taxes to retire bonds issued solely for the purpose of providing high capacity transportation service and to contract with the Department of Revenue or other entities for collection of ESZ revenues.

Appropriation: None.

Fiscal Note: Available.

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) This is a local option that has to be agreed to by Sound Transit and the voters of a given area. Light rail has been transformative for parts of Seattle, and there are many people who want to see it built out further. There is hope that this bill will help solve this problem more quickly.

Only people within the ESZ will pay the incremental MVET, and everyone will benefit from fewer people using the roads in the area. The parking tax will also help diminish the

number of drivers and increase the use of transit.

If approved by voters, an ESZ would allow for the accelerated construction of light rail. It would help mitigate traffic from events and from commutes. It would allow for acceleration of construction to Tacoma and Everett, by providing more funding for lines in Seattle.

Sound Transit board members have been working to accelerate construction of light rail. This bill would allow that, as well as future planning to prevent future disruptions.

People want to see transit sooner, and this bill would help. More resources in the system would increase the likelihood of meeting current plans. There is a funding bottleneck right now and more money will help solve it.

This is a thoughtful and elegant solution to provide more to the voters more quickly. Seventy-six percent of the people in Seattle support increase in stations and the revenues to pay for them.

Seattle has had the highest growth rate in transit usage in the country in the last two decades. Much of the state's wealth and carbon emission come from around the Puget Sound, and this bill provides a tool to solve problems by expanding transit more quickly with locally approved taxes.

Neighborhoods need to be connected so people can move around more easily. Many supporters of transit have cars and use transit, and this bill gives people a chance to support more transit.

Efficient and effective transit is good for the economy and equity. Light rail and buses allow people to get around regardless of their circumstances. This bill allows people outside of wealthy areas to invest in transit.

(Opposed) None.

Persons Testifying: Senator Jamie Pedersen, prime sponsor; Dan Strauss, Seattle City Council; Andrew Villeneuve, Northwest Progressive Institute; Jonathan Hopkins, Seattle Subway; Claudia Balducci, King County Council; Jennifer Gordon; Robert Cruickshank, Sierra Club; and Bryce Yadon, Transportation Choices Coalition.

Persons Signed In To Testify But Not Testifying: None.