

SENATE BILL REPORT

SHB 1514

As Reported by Senate Committee On:
Transportation, March 25, 2021
Ways & Means, April 2, 2021

Title: An act relating to transportation demand management.

Brief Description: Addressing transportation demand management.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Taylor, Ramos and Harris-Talley).

Brief History: Passed House: 3/5/21, 92-5.

Committee Activity: Transportation: 3/15/21, 3/25/21 [DP-WM, w/oRec].
Ways & Means: 3/31/21, 4/02/21 [DPA, DNP].

Brief Summary of Amended Bill

- Reduces the minimum requirement for ride sharing from five persons including the driver to three persons including the driver, and broadens ride sharing beyond commute trips.
- Broadens eligibility for tax exemptions, tax credits, and license plates associated with ride sharing and commute trip reduction.
- Requires the Washington State Department of Transportation and the Commute Trip Reduction Board to make recommendations regarding changes to the statutes governing commute trip reductions.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; Cleveland, Das, Fortunato, Lovelett, Nguyen, Nobles, Randall, Sheldon, Wilson, C. and Wilson, J.

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.

Minority Report: That it be referred without recommendation.

Signed by Senators King, Ranking Member; Hawkins and Padden.

Staff: Daniel Masterson (786-7454)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Braun, Carlyle, Conway, Darneille, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Lias, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Minority Report: Do not pass.

Signed by Senator Schoesler, Assistant Ranking Member, Capital.

Staff: Jeffrey Mitchell (786-7438)

Background: Ride Sharing. Commuter ride sharing is defined as an arrangement where 5 to 15 persons, or 4 to 15 persons when at least two of those people are confined to wheelchairs, are transported between their homes and places of employment, or educational or other institutions, in a single daily round trip. Flexible commuter ride sharing is defined as an arrangement where 2 to 15 persons are transported between their homes and places of employment, or educational or other institutions. The operators and drivers of ride-sharing vehicles are not subject to ordinances or regulations exclusively relating to drivers or owners of motor vehicles operated for hire, or other common carriers or public transit carriers.

Special License Plate. A registered owner who uses a passenger motor vehicle for commuter ride sharing and carries at least five persons, including the driver, must apply for special ride share license plates, which are not required to be renewed annually.

Sales and Use Tax Exemption. Sales of passenger motor vehicles used as commuter ride sharing vehicles for 36 months in the state's eight largest counties and in other counties, cities, or towns that elect to adopt and implement a commute trip reduction (CTR) plan and carry at least five persons, including the driver, are exempt from sales and use taxes. If the vehicle is used for ride sharing for less than 36 months, the registered owner must notify the Department of Revenue and pay the appropriate sales and use tax due.

Motor Vehicle Excise Tax Exemption. Passenger motor vehicles used as commuter ride sharing vehicles for 36 months in the state's eight largest counties and in other counties, cities, or towns that elect to adopt and implement a CTR plan and carry at least five persons, including the driver, are exempt from the motor vehicle excise tax (MVET). Sound Transit

is the only local agency currently imposing an MVET. The registered owner of a vehicle no longer used for ride sharing must notify the Department of Licensing and pay the MVET due.

Other Ride Sharing Tax Exemptions. Funds received in the course of commuter ride sharing are exempt from the business and occupation tax and public utility tax.

Commute Trip Reduction. Major employers who employ 100 or more people in the state's eight largest counties and in other counties, cities, or towns that elect to adopt and implement a CTR plan are required to implement CTR programs, to reduce the number of their employees traveling by single-occupant vehicles to their work sites between 6:00 a.m. and 9:00 a.m. on weekdays.

Commute Trip Reduction Tax Credits. Under the state CTR program, employers are allowed a business and occupation or public utility tax credit if they provide financial incentives to their employees for ride sharing in car pools, using public transportation, car sharing, and non-motorized commuting. The total amount of credits allowed statewide cannot exceed \$2,750,000 per fiscal year.

Summary of Amended Bill: The commuter ride sharing and flexible commuter ride sharing definitions are eliminated. Ride sharing is defined as a carpool or vanpool arrangement whereby one or more groups not exceeding 15 persons each, including the drivers, and not fewer than three persons, including the drivers, are transported in a passenger motor vehicle with a gross vehicle weight not exceeding 10,000 pounds. There are no requirements regarding the type of trip.

Taxicab companies; charter party or excursion service carriers; auto transportation companies; private, nonprofit transportation providers; limousine carriers; commercial transportation service providers; and peer-to-peer car-sharing entities, where motor vehicle owners make their motor vehicles available for other persons to rent for short periods of time, are excluded from the definition of ride sharing.

The new definition of ride sharing is applied to the current business and occupation tax, public utility tax, sales and use tax, and motor vehicle excise tax exemptions. However, for the sales and use tax exemption, the reduced ridership requirement applies only if the vehicle is operated by a public transportation agency.

Eligibility for the sales and use tax and motor vehicle excise tax exemptions is also expanded to include ride sharing vehicles operating in any county if the vehicle is registered with or operated by, a public transportation agency. A public transportation agency registering an employee-owned ride sharing vehicle does not need to serve the area where the employee lives or works in order for the vehicle to be eligible for the sales and use tax and motor vehicle excise tax exemptions.

Public transportation agencies are added to the list of entities defined as ride-sharing operators.

The Washington State Department of Transportation and the CTR Board are required to provide a report and recommendations regarding modifications to the statutes governing the CTR program to the transportation committees of the Legislature by October 1, 2021, within existing resources.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Requires ridership of at least five persons for eligibility for the sales and use tax exemptions unless the vehicle is operated by a public transportation agency.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on September 1, 2021.

Staff Summary of Public Testimony on Substitute House Bill (Transportation): PRO: Imagine you are in a vanpool with four or five of your coworkers, and then COVID-19 hits. If just one of your coworkers gets the option to work from home, your entire vanpool breaks down and now there are five separate vehicles on the road. This is the unintended consequence of having a lack of flexibility with our vanpools and rideshares. This bill gives our public agencies the opportunity to operate a more flexible, innovative, and efficient vanpool program.

Our 30 member organizations represent over 100,000 people who work or go to school in Redmond. Many of them rely on vanpooling and vansharing. Before the pandemic, one of our members who is a manufacturer with 1200 employees had one in eight of their employees commuting using a vanpool with 30 different vanpools coming from across the region. Since the pandemic, the majority of those have been disbanded. HB 1514 is key to helping rebuild vanpool programs like this one, and helping better meet the needs of employees in Redmond.

There was previously a large fiscal note for this bill, we dove into the note and corrected some miscalculations. There is a provision in statute that would allow a personal vehicle to be certified for ridesharing use, but I have not heard of a single instance of this happening. Knowing the liability issues with that, I can not imagine a public transit agency taking on that liability.

Providing equitable, affordable and sustainable transportation options that meet the needs of

our community are top priorities for King County. Our ride share program is one of the ways we achieve these priorities. King County's ride sharing program is a national leader, running the largest publicly owned vanpool program in the nation, supporting over 10,000 participants. While the program has been very successful, we have struggled to develop markets in rural areas, with shift workers, and for small employers due to the current participation requirements. We have been hampered in achieving our sustainability goals due to the limited availability of alternative fuel and electric fans. This bill will enable options beyond the traditional commute including more flexible schedules and drop-in riders, better support for rural commuters and small businesses, and the ability to purchase smaller more efficient vehicles while we wait for electric vans to come to market.

Persons Testifying (Transportation): PRO: Representative Jamila Taylor, Prime Sponsor; Kirk Hovenkotter, Greater Redmond Transportation Management Association; Justin Leighton, Washington State Transit Association; Anne Brusklund, King County Metro.

Persons Signed In To Testify But Not Testifying (Transportation): No one.

Staff Summary of Public Testimony on Substitute House Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill will really help transit agencies recover from the pandemic with respect to our vanpool program. Washington State has the largest vanpool program in the country. This bill will restructure vanpools in light of changes caused by the pandemic with so many people telecommuting or out of work. The changes in the bill are changes that we wanted before the pandemic. This bill will allow us to more readily access rural areas, shift workers, and smaller employers. This bill will expand ride share opportunities beyond the traditional a.m. to p.m. commute and accommodate more flexible schedules, which will be important post-covid. The bill will allow us to purchase smaller, more energy efficient vehicles.

Persons Testifying (Ways & Means): PRO: Justin Leighton, Washington State Transit Association; Anne Brusklund, King County Metro.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.