

# SENATE BILL REPORT

## SB 5457

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As of February 18, 2021

**Title:** An act relating to transportation demand management.

**Brief Description:** Addressing transportation demand management.

**Sponsors:** Senator Saldaña.

**Brief History:**

**Committee Activity:** Transportation: 2/18/21.

**Brief Summary of 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 the definition of a commute trip to include all trips made from a worker's home to a work site on a weekday, regardless of the time of day.
- Broadens eligibility for tax exemptions, tax credits, and license plates associated with ride sharing and commute trip reduction.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Daniel Masterson (786-7454)

**Background:** Ride Sharing. Commuter ride sharing is defined as an arrangement where five to 15 persons, or four 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 two to 15 persons are transported between their homes and places of employment, or educational or other institutions. The operators and drivers of ride-

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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 that is 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, using car sharing, and non-motorized commuting. The total amount of credits allowed statewide cannot exceed \$2,750,000 per fiscal year.

**Summary of Bill:** The definition of ride sharing is amended to mean 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. The commuter ride sharing and flexible commuter ride sharing definitions are eliminated.

The current business and occupation tax, public utility tax, sales and use tax, and motor vehicle excise tax exemptions for commuter ride sharing are applied to ride sharing arrangements meeting the new definition. 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, for the benefit of the general public, 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 definition of a commute trip, as applied to employer CTR programs, is broadened to include all trips made from a worker's home to a work site on a weekday, regardless of the time of day.

**Appropriation:** None.

**Fiscal Note:** Requested on February 15, 2021.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: We are trying to provide more flexibility for public transit providers to offering vanpools. The minimum for a vanpool is currently five to six people and if the vanpool falls below that the whole group has to fold. We are trying to provide flexibility for public transportation agencies to allow vanpools with at least three people. While King County Metro has been successful in developing our vanpool program, we have struggled to develop our vanpool services for small businesses, shift workers, and in rural areas. Additionally, we have been limited in our ability to use alternative fuel powered vehicles because of limitations in the van market. This bill will expand the kinds of trips eligible for vanpool. It will open the program up to flexible work schedules and drop-in riders, and reduce vanpool retention efforts. It also provides flexibility in the composition in the ride share fleet.

**Persons Testifying:** PRO: Senator Rebecca Saldaña, Prime Sponsor; Justin Leighton, Washington State Transit Association; Anne Brusklund, King County Metro.

**Persons Signed In To Testify But Not Testifying:** No one.