

2 **2SSB 6140** - S AMD 503

3 By Senators Horn, Kastama, McDonald, Rasmussen, Benton and Haugen

4 ADOPTED AS AMENDED 01/26/02

5 Strike everything after the enacting clause and insert the
6 following:

7 **"I. CREATION OF REGIONAL TRANSPORTATION INVESTMENT DISTRICT**

8 NEW SECTION. **Sec. 101.** FINDINGS. The legislature finds that:

9 (1) The capacity of many of Washington state's transportation
10 facilities have failed to keep up with the state's growth, particularly
11 in major urban regions;

12 (2) The state cannot by itself fund, in a timely way, many of the
13 major capacity and other improvements required on highways of statewide
14 significance in the state's largest urbanized area;

15 (3) Providing a transportation system that provides efficient
16 mobility for persons and freight requires a shared partnership and
17 responsibility between the state, local, and regional governments and
18 the private sector; and

19 (4) Timely construction and development of significant
20 transportation improvement projects can best be achieved through
21 enhanced funding options for governments at the county and regional
22 levels, using already existing tax authority to address roadway and
23 multimodal needs and new authority for regions to address critical
24 projects of statewide significance.

25 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this
26 section apply throughout this chapter unless the context clearly
27 requires otherwise.

28 (1) "Board" means the governing body of a regional transportation
29 investment district.

30 (2) "Department" means the Washington state department of
31 transportation.

32 (3) "Highway of statewide significance" means an existing or
33 proposed state route or federal interstate as designated a highway of

1 statewide significance by the transportation commission, its successor
2 entity, or the legislature.

3 (4) "Lead agency" means a public agency that by law can plan,
4 design, and build a project and has been so designated by the district.

5 (5) "Regional transportation investment district" or "district"
6 means a municipal corporation whose boundaries are coextensive with two
7 or more contiguous counties and that has been created by county
8 legislative authorities and a vote of the people under this chapter to
9 implement a regional transportation investment plan.

10 (6) "Regional transportation investment district coordinating
11 committee" or "coordinating committee" means the advisory committee
12 created under section 103 of this act to create and propose to county
13 legislative authorities a regional transportation investment plan to
14 develop, finance, and construct transportation projects.

15 (7) "Regional transportation investment plan" or "plan" means a
16 plan to develop, construct, and finance a transportation project or
17 projects.

18 (8) "Transportation project" is:

19 (a) A capital improvement or improvements to all or a portion of a
20 highway of statewide significance, including an extension, that adds a
21 lane or new lanes to an existing state or federal highway; or

22 (b) A capital improvement or improvements to all or a portion of a
23 highway of statewide significance, including an extension, that repairs
24 or replaces a lane or lanes damaged by an event declared an emergency
25 by the governor before January 1, 2002.

26 A transportation project as defined in (a) and (b) of this
27 subsection may include the following associated multimodal capital
28 improvements of:

29 (i) Approaches to highways of statewide significance;

30 (ii) High-occupancy vehicle lanes;

31 (iii) Flyover ramps;

32 (iv) Park and ride lots;

33 (v) Bus pullouts;

34 (vi) Vans for vanpools;

35 (vii) Buses; and

36 (viii) Signalization, ramp metering, and other transportation
37 system management improvements.

38 Operations, preservation, and maintenance are excluded from this
39 definition.

1 (9) "Weighted vote" means a vote that reflects the population each
2 board or coordinating committee member represents relative to the
3 population represented by the total membership of the board or
4 coordinating committee. Population must be determined using the
5 federal 2000 census or subsequent federal census data.

6 NEW SECTION. **Sec. 103.** COORDINATING COMMITTEE FORMATION.

7 Regional transportation investment district coordinating committees are
8 advisory entities that are created, convened, and empowered as follows:

9 (1) A county with a population over one million five hundred
10 thousand persons and any adjoining counties with a population over five
11 hundred thousand persons may create a regional transportation
12 investment district and shall convene a regional transportation
13 investment district coordinating committee.

14 (2) The members of the legislative authorities participating in
15 planning under this chapter shall serve as the district coordinating
16 committee. Members of the coordinating committee receive no
17 compensation, but may be reimbursed for travel and incidental expenses
18 as the coordinating committee deems appropriate.

19 The secretary of transportation, or the appropriate regional
20 administrator of the department, as named by the secretary, shall serve
21 on the committee as a nonvoting member.

22 (3) A regional transportation investment district coordinating
23 committee may be entitled to state funding, as appropriated by the
24 legislature, for start-up funding to pay for salaries, expenses,
25 overhead, supplies, and similar expenses ordinarily and necessarily
26 incurred in selecting transportation projects and funding for those
27 projects under this chapter. Upon creation of a regional
28 transportation investment district, the district shall within one year
29 reimburse the state for any sums advanced for these start-up costs from
30 the state.

31 (4) The coordinating committee shall conduct its affairs and
32 formulate a regional transportation investment plan as provided under
33 section 104 of this act, except that it shall elect an executive board
34 of seven members to discharge the duties of the coordinating committee
35 and formulate a regional transportation investment plan, subject to the
36 approval of the full committee.

1 (5) At its first meeting, a regional transportation investment
2 district coordinating committee may elect officers and provide for the
3 adoption of rules and other operating procedures.

4 (6) Governance of and decisions by a regional transportation
5 investment district coordinating committee must be by a sixty-percent
6 weighted majority vote of the total membership.

7 (7) The coordinating committee may dissolve itself at any time by
8 a two-thirds weighted majority vote of the total membership of the
9 coordinating committee.

10 NEW SECTION. **Sec. 104.** COORDINATING COMMITTEE DUTIES. (1) A
11 regional transportation investment district coordinating committee
12 shall adopt a regional transportation investment plan providing for the
13 selection, development, construction, and financing of transportation
14 projects. The regional transportation investment plan should consider
15 land use planning. The coordinating committee may coordinate its
16 activities with the department, which shall provide services, data, and
17 personnel to assist in this planning as desired by the coordinating
18 committee. In addition, the coordinating committee shall coordinate
19 with affected cities, towns, and other local governments that engage in
20 transportation planning.

21 (2) The coordinating committee shall:

22 (a) Conduct public meetings that are needed to assure active public
23 participation in the development of the plan;

24 (b) Adopt a plan proposing the creation of a regional
25 transportation investment district and recommending projects to improve
26 mobility based on addressing transportation improvement projects; and

27 (c) Recommend sources of revenue authorized by section 105 of this
28 act and a financing plan to fund selected transportation projects. The
29 overall plan of the district must leverage the district's financial
30 contributions so that the federal, state, local, and other revenue
31 sources continue to fund major congestion relief and transportation
32 capacity improvement projects in the district. A combination of local,
33 state, and federal revenues may be necessary to pay for transportation
34 projects, and the coordinating committee shall consider all of these
35 revenue sources in developing a plan.

36 (3) Before adopting the plan, the coordinating committee, with
37 assistance from the department, shall work with the lead agency to
38 develop accurate cost forecasts for projects. This project costing

1 methodology must be integrated with revenue forecasts in developing the
2 plan and must at a minimum include estimated project costs in constant
3 dollars as well as year of expenditure dollars, the range of project
4 costs reflected by the level of project design, project contingencies,
5 identification of mitigation costs, the range of revenue forecasts, and
6 project and plan cash flow and bond analysis. The plan submitted to
7 the voters must provide cost estimates for each project, including
8 reasonable contingency costs. Plans submitted to the voters must
9 provide that the maximum amount possible of the funds raised will be
10 used to fund projects in the plan, including environmental improvements
11 and mitigation, and that administrative costs be minimized. If actual
12 revenue exceeds actual plan costs, the excess revenues must be used to
13 retire any outstanding debt associated with the plan.

14 (4) If a county opts not to adopt the plan or participate in the
15 regional transportation investment district, but two or more contiguous
16 counties do choose to continue to participate, then the coordinating
17 committee may, within ninety days, redefine the regional transportation
18 investment plan and the ballot measure to be submitted to the people to
19 reflect elimination of a county, and submit the redefined plan to the
20 legislative authorities of the remaining counties for their decision as
21 to whether to continue to adopt the redefined plan and participate.
22 This action must be completed within sixty days after receipt of the
23 redefined plan.

24 (5) Once adopted, the plan must be forwarded to the participating
25 county legislative authorities to initiate the election process under
26 section 107 of this act. The coordinating committee shall at the same
27 time provide notice to each city and town within the district, the
28 governor, the chairs of the transportation committees of the
29 legislature, the secretary of transportation, and each legislator whose
30 legislative district is partially or wholly within the boundaries of
31 the district.

32 (6) If the ballot measure is not approved, the coordinating
33 committee may redefine the selected projects, financing plan, and the
34 ballot measure. The county legislative authorities may approve the new
35 plan and ballot measure, and may then submit the revised proposition to
36 the voters at the next election or a special election. If no ballot
37 measure is approved by the voters by the third vote, the coordinating
38 committee is dissolved.

1 NEW SECTION. **Sec. 105.** TAXES AND FEES. (1) A regional

2 transportation investment district coordinating committee may, as part
3 of a regional transportation investment plan, recommend the imposition
4 of some or all of the following revenue sources, which a regional
5 transportation investment district may impose upon approval of the
6 voters as provided in this chapter:

7 (a) A regional sales and use tax, as specified in section 504 of
8 this act, of up to 0.5 percent of the selling price, in the case of a
9 sales tax, or value of the article used, in the case of a use tax, upon
10 the occurrence of any taxable event in the regional transportation
11 investment district;

12 (b) A local option vehicle license fee, as specified under section
13 508 of this act, of up to one hundred dollars per vehicle registered in
14 the district. As used in this subsection, "vehicle" means motor
15 vehicle as defined in RCW 46.04.320. Certain classes of vehicles, as
16 defined under chapter 46.04 RCW, may be exempted from this fee;

17 (c) A parking tax under RCW 82.80.030;

18 (d) A local motor vehicle excise tax under RCW 81.100.060;

19 (e) An employer excise tax under RCW 81.100.030; and

20 (f) Vehicle tolls, but only on new facilities. Unless otherwise
21 specified by law, the department shall administer the collection of
22 vehicle tolls on designated facilities, and the state transportation
23 commission, or its successor, shall be the tolling authority.

24 (2) Taxes, fees, and tolls may not be imposed without an
25 affirmative vote of the majority of the voters within the boundaries of
26 the district voting on a ballot proposition as set forth in section 107
27 of this act. Revenues from these taxes and fees may be used only to
28 implement the plan as set forth in this chapter. A district may
29 contract with the state department of revenue or other appropriate
30 entities for administration and collection of any of the taxes or fees
31 authorized in this section.

32 (3) Existing statewide motor vehicle fuel and special fuel taxes,
33 at the distribution rates in effect on January 1, 2001, are not
34 intended to be altered by this chapter.

35 (4)(a) The state sales and use taxes imposed and collected under
36 chapters 82.08 and 82.12 RCW, less any credits allowed under chapter
37 82.14 RCW, on initial construction for a project to be constructed
38 under this chapter must be transferred to the project or identified as
39 a credit on the project to defray costs or pay debt service on that

1 project. In the case of a toll project, the transfer or credit must be
2 used to lower the overall cost of the project and thereby the
3 corresponding tolls.

4 (b) This transaction is exempt from the requirements in RCW
5 43.135.035(4).

6 (c) Government entities constructing projects under this chapter
7 shall report to the department of revenue the amount of state sales or
8 use tax covered under this subsection (4).

9 NEW SECTION. Sec. 106. PERFORMANCE CRITERIA FOR REGIONAL PROJECT
10 SELECTION. (1) The coordinating committee shall consider the following
11 criteria for selecting projects to improve corridor performance:

- 12 (a) Reduced level of congestion and improved safety;
- 13 (b) Improved travel time;
- 14 (c) Improved air quality;
- 15 (d) Increases in daily and peak period person and vehicle trip
16 capacity;
- 17 (e) Reductions in person and vehicle delay;
- 18 (f) Improved freight mobility; and
- 19 (g) Cost-effectiveness of the investment.

20 (2) These criteria represent only minimum standards that must be
21 considered in selecting transportation improvement projects. The board
22 shall also consider rules and standards for benchmarks adopted by the
23 transportation commission or its successor.

24 NEW SECTION. Sec. 107. SUBMISSION OF PLAN TO THE VOTERS. Two or
25 more contiguous county legislative authorities, upon receipt of the
26 regional transportation investment plan under section 104 of this act,
27 may certify the plan to the ballot, including identification of the tax
28 options necessary to fund the plan. County legislative authorities may
29 draft a ballot title, give notice as required by law for ballot
30 measures, and perform other duties as required to put the plan before
31 the voters of the proposed district for their approval or rejection as
32 a single ballot measure that both approves formation of the district
33 and approves the plan. Counties must negotiate interlocal agreements
34 necessary to implement the plan. The electorate will be the voters
35 voting within the boundaries of the participating counties. A simple
36 majority of the total persons voting on the single ballot measure to

1 approve the plan, establish the district, and impose the taxes and fees
2 is required for approval.

3 NEW SECTION. **Sec. 108.** CERTIFICATION OF FORMATION. If the voters
4 approve the plan, including creation of a regional transportation
5 investment district and imposition of taxes and fees, the district will
6 be declared formed. The county election officials of participating
7 counties shall, within fifteen days of the final certification of the
8 election results, publish a notice in a newspaper or newspapers of
9 general circulation in the district declaring the district formed, and
10 mail copies of the notice to the governor, the secretary of
11 transportation, the executive director of the regional transportation
12 planning organization, and the county treasurer who is serving as the
13 district treasurer. A party challenging the procedure or the formation
14 of a voter-approved district must file the challenge in writing by
15 serving the prosecuting attorney of the participating counties and the
16 attorney general within thirty days after the final certification of
17 the election. Failure to challenge within that time forever bars
18 further challenge of the district's procedure or the valid formation.

19 NEW SECTION. **Sec. 109.** BOARD COMPOSITION. (1) The governing
20 board of a district consists of the members of the legislative
21 authority of each member county, acting ex officio and independently.
22 The secretary of transportation or the appropriate regional
23 administrator of the department, as named by the secretary, shall also
24 serve as a nonvoting member of the board.

25 (2) A sixty-percent majority of the weighted votes of the total
26 board membership is required to submit to the counties a modified plan
27 under section 114 of this act or any other proposal to be submitted to
28 the voters. The counties, may, with majority vote of each county
29 legislative authority, submit a modified plan or proposal to the
30 voters.

31 NEW SECTION. **Sec. 110.** BOARD ORGANIZATION. The board shall adopt
32 rules for the conduct of business. The board shall adopt bylaws to
33 govern district affairs, which may include:

- 34 (1) The time and place of regular meetings;
35 (2) Rules for calling special meetings;
36 (3) The method of keeping records of proceedings and official acts;

- 1 (4) Procedures for the safekeeping and disbursement of funds; and
2 (5) Any other provisions the board finds necessary to include.

3 NEW SECTION. **Sec. 111.** BOARD'S POWERS AND DUTIES. (1) The
4 governing board of the district is responsible for the execution of the
5 voter-approved plan. The board shall:

6 (a) Impose taxes and fees authorized by district voters;

7 (b) Enter into agreements with state, local, and regional agencies
8 and departments as necessary to accomplish district purposes and
9 protect the district's investment in projects;

10 (c) Accept gifts, grants, or other contributions of funds that will
11 support the purposes and programs of the district;

12 (d) Monitor and audit the progress and execution of projects to
13 protect the investment of the public and annually make public its
14 findings;

15 (e) Pay for services and enter into leases and contracts, including
16 professional service contracts;

17 (f) Hire no more than ten employees, including a director or
18 executive officer, a treasurer or financial officer, a project manager
19 or engineer, a project permit coordinator, and clerical staff; and

20 (g) Exercise other powers and duties as may be reasonable to carry
21 out the purposes of the district.

22 (2) It is the intent of the legislature that existing staff
23 resources of lead agencies be used in implementing this chapter. A
24 district may coordinate its activities with the department, which shall
25 provide services, data, and personnel to assist as desired by the
26 regional transportation investment district. Lead agencies for
27 projects that are not state facilities shall also provide staff support
28 for the board.

29 (3) A district may not acquire, hold, or dispose of real property.

30 (4) A district may not own, operate, or maintain an ongoing
31 facility, road, or transportation system.

32 (5) A district may accept and expend or use gifts, grants, or
33 donations.

34 (6) It is the intent of the legislature that administrative and
35 overhead costs of a regional transportation investment district be
36 minimized. For projects costing up to fifty million dollars,
37 administrative and overhead costs may not exceed three percent of the
38 total construction and design project costs per year. For projects

1 costing more than fifty million dollars, administrative and overhead
2 costs may not exceed three percent of the first fifty million dollars
3 in costs, plus an additional one-tenth of one percent of each
4 additional dollar above fifty million. These limitations apply only to
5 the district, and do not limit the administration or expenditures of
6 the department.

7 (7) A district may use the design-build procedure for projects
8 developed by it. As used in this section "design-build procedure"
9 means a method of contracting under which the district contracts with
10 another party for that party to both design and build the structures,
11 facilities, and other items specified in the contract. The
12 requirements and limitations of RCW 47.20.780 and 47.20.785 do not
13 apply to the projects under this chapter.

14 NEW SECTION. **Sec. 112.** TREASURER. The regional transportation
15 investment district, by resolution, shall designate a person having
16 experience in financial or fiscal matters as treasurer of the district.
17 The district may designate the treasurer of a county within which the
18 district is located to act as its treasurer. Such a treasurer has all
19 of the powers, responsibilities, and duties the county treasurer has
20 related to investing surplus funds. The district shall require a bond
21 with a surety company authorized to do business in this state in an
22 amount and under the terms and conditions the district, by resolution,
23 from time to time finds will protect the district against loss. The
24 district shall pay the premium on the bond.

25 In addition to the account established in section 501 of this act,
26 the treasurer may establish a special account, into which may be paid
27 district funds. The treasurer may disburse district funds only on
28 warrants issued by the district upon orders or vouchers approved by the
29 district.

30 If the treasurer of the district is the treasurer of a county, all
31 district funds must be deposited with a county depository under the
32 same restrictions, contracts, and security as provided for county
33 depositories. If the treasurer of the district is some other person,
34 all funds must be deposited in a bank or banks authorized to do
35 business in this state qualified for insured deposits under any federal
36 deposit insurance act as the district, by resolution, designates.

1 The district may provide and require a reasonable bond of any other
2 person handling moneys or securities of the district, but the district
3 shall pay the premium on the bond.

4 NEW SECTION. **Sec. 113.** DEBT AND BONDING. The district may borrow
5 money, but may not issue any debt of its own for more than two years'
6 duration. A district may issue notes or other evidences of
7 indebtedness with a maturity of not more than two years. A district
8 may, when authorized by the plan, enter into agreements with the lead
9 agencies to pledge taxes or other revenues of the district for the
10 purpose of paying in part or whole principal and interest on bonds
11 issued by the lead agency. The contracts pledging revenues and taxes
12 are binding for the term of the agreement, but not to exceed twenty-
13 five years, and no tax pledged by an agreement may be eliminated or
14 modified if it would impair the pledge of the agreement.

15 NEW SECTION. **Sec. 114.** PROJECT OR PLAN MODIFICATION--
16 ACCOUNTABILITY. (1) If a project cost exceeds its original cost by
17 more than twenty percent as identified in the plan:

18 (a) The board shall, in coordination with the county legislative
19 authorities, submit to the voters in the district a ballot measure that
20 redefines the scope of the project, its schedule, or its costs. If the
21 voters fail to approve the redefined project, the district shall
22 terminate work on that project, except that the district may take
23 reasonable steps to use, preserve, or connect any improvement already
24 constructed. The remainder of any funds that would otherwise have been
25 expended on the terminated project must first be used to retire any
26 outstanding debt attributable to the plan and then may be used to
27 implement the remainder of the plan.

28 (b) Alternatively, upon adoption of a resolution by two or more
29 participating counties:

30 (i) The counties shall submit to the voters in the district a
31 ballot measure that redefines the scope of the plan, its projects, its
32 schedule, or its costs. If the voters fail to approve the redefined
33 plan, the district shall terminate work on that plan, except that the
34 district may take reasonable steps to use, preserve, or connect any
35 improvement already constructed. The remainder of any funds must be
36 used to retire any outstanding debt attributable to the plan; or

1 (ii) The counties may elect to have the district continue the
2 project without submitting an additional ballot proposal to the voters.

3 (2) To assure accountability to the public for the timely
4 construction of the transportation improvement project or projects
5 within cost projections, the district shall issue a report, at least
6 annually, to the public and copies of the report to newspapers of
7 record in the district. In the report, the district shall indicate the
8 status of project costs, project expenditures, revenues, and
9 construction schedules. The report may also include progress towards
10 meeting the performance criteria provided under this chapter.

11 NEW SECTION. **Sec. 115.** STATE DEPARTMENT OF TRANSPORTATION ROLE.

12 (1) The department shall designate an office or division of dedicated
13 staff and services whose primary responsibility is to coordinate the
14 design, preliminary engineering, permitting, financing, and
15 construction of projects under consideration by a regional
16 transportation investment district coordinating committee or that are
17 part of a regional transportation investment plan being implemented by
18 a regional transportation investment district.

19 (2) All of the powers granted the department under Title 47 RCW
20 relating to highway construction may, at the request of a regional
21 transportation investment district, be used to implement a regional
22 transportation investment plan and construct transportation projects.

23 NEW SECTION. **Sec. 116.** STATE OWNS IMPROVEMENTS TO STATE
24 FACILITIES. Any improvement to a state facility constructed under this
25 chapter becomes and remains the property of this state.

26 NEW SECTION. **Sec. 117.** DISSOLUTION. Within thirty days of the
27 completion of the construction of the project or series of projects
28 forming the regional transportation investment plan, the district shall
29 terminate day-to-day operations and exist solely as a limited entity
30 that oversees the collection of revenue and the payment of debt service
31 or financing still in effect, if any. The district shall accordingly
32 adjust downward its employees, administration, and overhead expenses.
33 Any taxes, fees, or tolls imposed under an approved plan terminate when
34 the financing or debt service on the project or series of projects
35 constructed is completed and paid, thirty days from which point the
36 district shall dissolve itself and cease to exist. If there is no debt

1 outstanding, then the district shall dissolve within thirty days from
2 completion of construction of the project or series of projects forming
3 the regional transportation investment plan. Notice of dissolution
4 must be published in newspapers of general circulation within the
5 district at least three times in a period of thirty days. Creditors
6 must file claims for payment of claims due within thirty days of the
7 last published notice or the claim is extinguished.

8 NEW SECTION. **Sec. 118.** OTHER REGIONS. The legislature finds that
9 regional solutions to the state's transportation needs are of paramount
10 concern. The legislature further recognizes that different areas of
11 the state will need the flexibility to fashion local solutions to their
12 transportation problems, and that regional transportation systems may
13 evolve over time. Areas of the state outside of King, Snohomish, and
14 Pierce counties are eligible for grants from the state of no more than
15 one hundred fifty thousand dollars to study and develop regional
16 transportation models. Regions electing to participate in this pilot
17 program may form interlocal agreements within their regions and must
18 develop a model that can be used within their region. Regions
19 receiving these grants shall report to the transportation committees in
20 the senate and house of representatives on the positive and negative
21 aspects of the model as well as costs associated with it no later than
22 June 30, 2003.

23 **II. JOINT BALLOT WITH RTA**

24 NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of
25 the coordinating committee, and with the explicit approval of the
26 regional transit authority, the participating counties may choose to
27 impose any remaining high capacity transportation taxes under chapter
28 81.104 RCW that have not otherwise been used by a regional transit
29 authority and submit to the voters a common ballot measure that creates
30 the district, approves the regional transportation investment plan,
31 implements the taxes, and implements any remaining high capacity
32 transportation taxes within the boundaries of the regional
33 transportation investment district. Collection and expenditures of any
34 high capacity transportation taxes implemented under this section must
35 be determined by agreement between the participating counties or
36 district and the regional transit authority electing to submit high

1 capacity transportation taxes to the voters under a common ballot
2 measure as provided in this section. If the measure fails, all such
3 unused high capacity transportation taxes revert back to and remain
4 with the regional transit authority. A project constructed with this
5 funding is not considered a "transportation project" under section 102
6 of this act.

7 **Sec. 202.** RCW 81.104.140 and 1992 c 101 s 25 are each amended to
8 read as follows:

9 (1) Agencies authorized to provide high capacity transportation
10 service, including transit agencies and regional transit authorities,
11 and regional transportation investment districts acting with the
12 agreement of an agency, are hereby granted dedicated funding sources
13 for such systems. These dedicated funding sources, as set forth in RCW
14 81.104.150, 81.104.160, and 81.104.170, are authorized only for
15 agencies located in (a) each county with a population of two hundred
16 ten thousand or more and (b) each county with a population of from one
17 hundred twenty-five thousand to less than two hundred ten thousand
18 except for those counties that do not border a county with a population
19 as described under (a) of this subsection. In any county with a
20 population of one million or more or in any county having a population
21 of four hundred thousand or more bordering a county with a population
22 of one million or more, these funding sources may be imposed only by a
23 regional transit authority or a regional transportation investment
24 district. Regional transportation investment districts may, with the
25 approval of the regional transit authority within its boundaries,
26 impose the taxes authorized under this chapter, but only upon approval
27 of the voters and to the extent that the maximum amount of taxes
28 authorized under this chapter have not been imposed.

29 (2) Agencies planning to construct and operate a high capacity
30 transportation system should also seek other funds, including federal,
31 state, local, and private sector assistance.

32 (3) Funding sources should satisfy each of the following criteria
33 to the greatest extent possible:

- 34 (a) Acceptability;
- 35 (b) Ease of administration;
- 36 (c) Equity;
- 37 (d) Implementation feasibility;
- 38 (e) Revenue reliability; and

1 (f) Revenue yield.

2 (4) Agencies participating in regional high capacity transportation
3 system development are authorized to levy and collect the following
4 voter-approved local option funding sources:

5 (a) Employer tax as provided in RCW 81.104.150, other than by
6 regional transportation investment districts;

7 (b) Special motor vehicle excise tax as provided in RCW 81.104.160;
8 and

9 (c) Sales and use tax as provided in RCW 81.104.170.

10 Revenues from these taxes may be used only to support those
11 purposes prescribed in subsection (10) of this section. Before the
12 date of an election authorizing an agency to impose any of the taxes
13 enumerated in this section and authorized in RCW 81.104.150,
14 81.104.160, and 81.104.170, the agency must comply with the process
15 prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No
16 construction on exclusive right of way may occur before the
17 requirements of RCW 81.104.100(3) are met.

18 (5) Authorization in subsection (4) of this section shall not
19 adversely affect the funding authority of transit agencies not provided
20 for in this chapter. Local option funds may be used to support
21 implementation of interlocal agreements with respect to the
22 establishment of regional high capacity transportation service. Except
23 when a regional transit authority exists, local jurisdictions shall
24 retain control over moneys generated within their boundaries, although
25 funds may be commingled with those generated in other areas for
26 planning, construction, and operation of high capacity transportation
27 systems as set forth in the agreements.

28 (6) Agencies planning to construct and operate high capacity
29 transportation systems may contract with the state for collection and
30 transference of voter-approved local option revenue.

31 (7) Dedicated high capacity transportation funding sources
32 authorized in RCW 81.104.150, 81.104.160, and 81.104.170 shall be
33 subject to voter approval by a simple majority. A single ballot
34 proposition may seek approval for one or more of the authorized taxing
35 sources. The ballot title shall reference the document identified in
36 subsection (8) of this section.

37 (8) Agencies shall provide to the registered voters in the area a
38 document describing the systems plan and the financing plan set forth
39 in RCW 81.104.100. It shall also describe the relationship of the

1 system to regional issues such as development density at station
2 locations and activity centers, and the interrelationship of the system
3 to adopted land use and transportation demand management goals within
4 the region. This document shall be provided to the voters at least
5 twenty days prior to the date of the election.

6 (9) For any election in which voter approval is sought for a high
7 capacity transportation system plan and financing plan pursuant to RCW
8 81.104.040, a local voter's pamphlet shall be produced as provided in
9 chapter 29.81A RCW.

10 (10) Agencies providing high capacity transportation service shall
11 retain responsibility for revenue encumbrance, disbursement, and
12 bonding. Funds may be used for any purpose relating to planning,
13 construction, and operation of high capacity transportation systems and
14 commuter rail systems, personal rapid transit, busways, bus sets, and
15 entrained and linked buses.

16 III. CITY MVET FOR MONORAIL

17 NEW SECTION. **Sec. 301.** A new section is added to chapter 81.104
18 RCW to read as follows:

19 MVET FOR CITY MONORAIL. (1) The legislature finds that there is a
20 need for large cities, with populations of five hundred thousand or
21 more, at their option, to develop, construct, and operate intracity
22 monorail systems within their boundaries to facilitate the movement of
23 people and mitigate traffic congestion in highly urbanized areas.

24 (2) For the sole purposes of developing, constructing, or operating
25 an intracity monorail system within its boundaries, a city with a
26 population of five hundred thousand or more may, with voter approval,
27 impose a motor vehicle excise tax, at a rate approved by the voters,
28 but not exceeding one percent of the value of every motor vehicle owned
29 by a person residing within the city and on the state sales and use
30 taxes paid under the rate in RCW 82.08.020(2) on retail car rentals
31 within the city. No tax may be imposed on vehicles licensed under RCW
32 46.16.070 except vehicles with an unladen weight of six thousand pounds
33 or less, RCW 46.16.079, 46.16.085, or 46.16.090.

34 Before the effective date of the resolution or ordinance imposing
35 the tax, cities imposing a tax under this section shall contract the
36 administration and collection to the state department of licensing and
37 department of revenue, as appropriate, which shall deduct an amount, as

1 provided by contract, for administration and collection expenses
2 incurred by the department. All administrative provisions in chapters
3 82.03, 82.32, and 82.44 RCW, insofar as they apply to state motor
4 vehicle excise taxes, also apply to taxes imposed under this section.
5 All administrative provisions in chapters 82.03, 82.08, 82.12, and
6 82.32 RCW, insofar as they apply to state sales and use taxes, also
7 apply to taxes imposed under this section.

8 **IV. HIGHWAYS OF STATEWIDE SIGNIFICANCE**

9 **Sec. 401.** RCW 47.05.021 and 1998 c 245 s 95 and 1998 c 171 s 5 are
10 each reenacted and amended to read as follows:

11 LEGISLATURE MAY DESIGNATE HIGHWAYS OF STATEWIDE SIGNIFICANCE. (1)
12 The transportation commission is hereby directed to conduct periodic
13 analyses of the entire state highway system, report thereon to the
14 chairs of the transportation committees of the senate and house of
15 representatives, including one copy to the staff of each of the
16 committees, biennially and based thereon, to subdivide, classify, and
17 subclassify according to their function and importance all designated
18 state highways and those added from time to time and periodically
19 review and revise the classifications into the following three
20 functional classes:

21 (a) The "principal arterial system" shall consist of a connected
22 network of rural arterial routes with appropriate extensions into and
23 through urban areas, including all routes designated as part of the
24 interstate system, which serve corridor movements having travel
25 characteristics indicative of substantial statewide and interstate
26 travel;

27 (b) The "minor arterial system" shall, in conjunction with the
28 principal arterial system, form a rural network of arterial routes
29 linking cities and other activity centers which generate long distance
30 travel, and, with appropriate extensions into and through urban areas,
31 form an integrated network providing interstate and interregional
32 service; and

33 (c) The "collector system" shall consist of routes which primarily
34 serve the more important intercounty, intracounty, and intraurban
35 travel corridors, collect traffic from the system of local access roads
36 and convey it to the arterial system, and on which, regardless of

1 traffic volume, the predominant travel distances are shorter than on
2 arterial routes.

3 (2) In making the functional classification the transportation
4 commission shall adopt and give consideration to criteria consistent
5 with this section and federal regulations relating to the functional
6 classification of highways, including but not limited to the following:

7 (a) Urban population centers within and without the state
8 stratified and ranked according to size;

9 (b) Important traffic generating economic activities, including but
10 not limited to recreation, agriculture, government, business, and
11 industry;

12 (c) Feasibility of the route, including availability of alternate
13 routes within and without the state;

14 (d) Directness of travel and distance between points of economic
15 importance;

16 (e) Length of trips;

17 (f) Character and volume of traffic;

18 (g) Preferential consideration for multiple service which shall
19 include public transportation;

20 (h) Reasonable spacing depending upon population density; and

21 (i) System continuity.

22 (3) The transportation commission or the legislature shall
23 designate state highways of statewide significance under RCW
24 47.06.140(~~(, and)~~). If the commission designates a state highway of
25 statewide significance, it shall submit a list of such facilities for
26 adoption by the ((1999)) legislature. This statewide system shall
27 include at a minimum interstate highways and other statewide principal
28 arterials that are needed to connect major communities across the state
29 and support the state's economy.

30 (4) The transportation commission shall designate a freight and
31 goods transportation system. This statewide system shall include state
32 highways, county roads, and city streets. The commission, in
33 cooperation with cities and counties, shall review and make
34 recommendations to the legislature regarding policies governing weight
35 restrictions and road closures which affect the transportation of
36 freight and goods.

37 NEW SECTION. Sec. 402. A new section is added to chapter 47.05
38 RCW to read as follows:

1 DESIGNATION OF STATE ROUTE NUMBER 509. The legislature designates
2 that portion of state route number 509 that runs or will run from state
3 route number 518 in the north to the intersection with interstate 5 in
4 the south as a state highway of statewide significance.

5 **V. FINANCE**

6 NEW SECTION. **Sec. 501.** REGIONAL TRANSPORTATION INVESTMENT
7 DISTRICT ACCOUNT. The regional transportation investment district
8 account is created in the custody of the state treasurer. The purpose
9 of this account is to act as an account into which may be deposited
10 state money, if any, that may be used in conjunction with district
11 money to fund transportation projects. Additionally, the district may
12 deposit funds into this account for disbursement, as appropriate, on
13 transportation projects. Nothing in this section requires any state
14 matching money. All money deposited in the regional transportation
15 investment district account will be used for design, right of way
16 acquisition, capital acquisition, and construction, or for the payment
17 of debt service associated with these activities, for regionally funded
18 projects developed under this chapter. Only the district may authorize
19 expenditures from the account. The account is subject to allotment
20 procedures under chapter 43.88 RCW. An appropriation is not required
21 for expenditures from this account.

22 **Sec. 502.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to
23 read as follows:

24 TOLL ROADS--REGIONAL TRANSPORTATION INVESTMENT DISTRICTS. The
25 department shall approve for construction only such toll roads as the
26 legislature specifically authorizes or such toll facilities as are
27 specifically sponsored by a regional transportation investment
28 district, city, town, or county.

29 **Sec. 503.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273
30 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended
31 to read as follows:

32 DEPOSIT OF SURPLUS BALANCE INVESTMENT EARNINGS--TREASURY INCOME
33 ACCOUNT--ACCOUNTS AND FUNDS CREDITED. (*EFFECTIVE MARCH 1, 2002.*) (1)
34 All earnings of investments of surplus balances in the state treasury

1 shall be deposited to the treasury income account, which account is
2 hereby established in the state treasury.

3 (2) The treasury income account shall be utilized to pay or receive
4 funds associated with federal programs as required by the federal cash
5 management improvement act of 1990. The treasury income account is
6 subject in all respects to chapter 43.88 RCW, but no appropriation is
7 required for refunds or allocations of interest earnings required by
8 the cash management improvement act. Refunds of interest to the
9 federal treasury required under the cash management improvement act
10 fall under RCW 43.88.180 and shall not require appropriation. The
11 office of financial management shall determine the amounts due to or
12 from the federal government pursuant to the cash management improvement
13 act. The office of financial management may direct transfers of funds
14 between accounts as deemed necessary to implement the provisions of the
15 cash management improvement act, and this subsection. Refunds or
16 allocations shall occur prior to the distributions of earnings set
17 forth in subsection (4) of this section.

18 (3) Except for the provisions of RCW 43.84.160, the treasury income
19 account may be utilized for the payment of purchased banking services
20 on behalf of treasury funds including, but not limited to, depository,
21 safekeeping, and disbursement functions for the state treasury and
22 affected state agencies. The treasury income account is subject in all
23 respects to chapter 43.88 RCW, but no appropriation is required for
24 payments to financial institutions. Payments shall occur prior to
25 distribution of earnings set forth in subsection (4) of this section.

26 (4) Monthly, the state treasurer shall distribute the earnings
27 credited to the treasury income account. The state treasurer shall
28 credit the general fund with all the earnings credited to the treasury
29 income account except:

30 (a) The following accounts and funds shall receive their
31 proportionate share of earnings based upon each account's and fund's
32 average daily balance for the period: The capitol building
33 construction account, the Cedar River channel construction and
34 operation account, the Central Washington University capital projects
35 account, the charitable, educational, penal and reformatory
36 institutions account, the common school construction fund, the county
37 criminal justice assistance account, the county sales and use tax
38 equalization account, the data processing building construction
39 account, the deferred compensation administrative account, the deferred

1 compensation principal account, the department of retirement systems
2 expense account, the drinking water assistance account, the drinking
3 water assistance administrative account, the drinking water assistance
4 repayment account, the Eastern Washington University capital projects
5 account, the education construction fund, the emergency reserve fund,
6 the federal forest revolving account, the health services account, the
7 public health services account, the health system capacity account, the
8 personal health services account, the state higher education
9 construction account, the higher education construction account, the
10 highway infrastructure account, the industrial insurance premium refund
11 account, the judges' retirement account, the judicial retirement
12 administrative account, the judicial retirement principal account, the
13 local leasehold excise tax account, the local real estate excise tax
14 account, the local sales and use tax account, the medical aid account,
15 the mobile home park relocation fund, the multimodal transportation
16 account, the municipal criminal justice assistance account, the
17 municipal sales and use tax equalization account, the natural resources
18 deposit account, the oyster reserve land account, the perpetual
19 surveillance and maintenance account, the public employees' retirement
20 system plan 1 account, the public employees' retirement system combined
21 plan 2 and plan 3 account, the public health supplemental account, the
22 Puyallup tribal settlement account, the regional transportation
23 investment district account, the resource management cost account, the
24 site closure account, the special wildlife account, the state
25 employees' insurance account, the state employees' insurance reserve
26 account, the state investment board expense account, the state
27 investment board commingled trust fund accounts, the supplemental
28 pension account, the teachers' retirement system plan 1 account, the
29 teachers' retirement system combined plan 2 and plan 3 account, the
30 tobacco prevention and control account, the tobacco settlement account,
31 the transportation infrastructure account, the tuition recovery trust
32 fund, the University of Washington bond retirement fund, the University
33 of Washington building account, the volunteer fire fighters' and
34 reserve officers' relief and pension principal fund, the volunteer fire
35 fighters' and reserve officers' administrative fund, the Washington
36 fruit express account, the Washington judicial retirement system
37 account, the Washington law enforcement officers' and fire fighters'
38 system plan 1 retirement account, the Washington law enforcement
39 officers' and fire fighters' system plan 2 retirement account, the

1 Washington school employees' retirement system combined plan 2 and 3
2 account, the Washington state health insurance pool account, the
3 Washington state patrol retirement account, the Washington State
4 University building account, the Washington State University bond
5 retirement fund, the water pollution control revolving fund, and the
6 Western Washington University capital projects account. Earnings
7 derived from investing balances of the agricultural permanent fund, the
8 normal school permanent fund, the permanent common school fund, the
9 scientific permanent fund, and the state university permanent fund
10 shall be allocated to their respective beneficiary accounts. All
11 earnings to be distributed under this subsection (4)(a) shall first be
12 reduced by the allocation to the state treasurer's service fund
13 pursuant to RCW 43.08.190.

14 (b) The following accounts and funds shall receive eighty percent
15 of their proportionate share of earnings based upon each account's or
16 fund's average daily balance for the period: The aeronautics account,
17 the aircraft search and rescue account, the county arterial
18 preservation account, the department of licensing services account, the
19 essential rail assistance account, the ferry bond retirement fund, the
20 grade crossing protective fund, the high capacity transportation
21 account, the highway bond retirement fund, the highway safety account,
22 the motor vehicle fund, the motorcycle safety education account, the
23 pilotage account, the public transportation systems account, the Puget
24 Sound capital construction account, the Puget Sound ferry operations
25 account, the recreational vehicle account, the rural arterial trust
26 account, the safety and education account, the special category C
27 account, the state patrol highway account, the transportation equipment
28 fund, the transportation fund, the transportation improvement account,
29 the transportation improvement board bond retirement account, and the
30 urban arterial trust account.

31 (5) In conformance with Article II, section 37 of the state
32 Constitution, no treasury accounts or funds shall be allocated earnings
33 without the specific affirmative directive of this section.

34 NEW SECTION. **Sec. 504.** A new section is added to chapter 82.14
35 RCW to read as follows:

36 SALES AND USE TAX. (1) If approved by the majority of the voters
37 within its boundaries voting on the ballot proposition, a regional
38 transportation investment district may impose a sales and use tax of up

1 to 0.5 percent of the selling price or value of the article used in the
2 case of a use tax. The tax authorized by this section is in addition
3 to the tax authorized by RCW 82.14.030 and must be collected from those
4 persons who are taxable by the state under chapters 82.08 and 82.12 RCW
5 upon the occurrence of any taxable event within the taxing district.
6 Motor vehicles, as defined in RCW 46.04.320, are exempt from the sales
7 and use tax imposed under this subsection.

8 (2) A use tax may be imposed on the privilege of using a motor
9 vehicle within a regional transportation investment district. The tax
10 applies to those persons who reside within the regional transportation
11 investment district. The rate of the tax may not exceed 0.5 percent of
12 the value of the motor vehicle. The tax authorized by this subsection
13 is in addition to the tax authorized under RCW 82.14.030 and must be
14 imposed and collected at the time a taxable event under RCW
15 82.08.020(1) or 82.12.020 takes place. All revenue received under this
16 subsection must be deposited in the local sales and use tax account and
17 distributed to the regional transportation investment district
18 according to RCW 82.14.050. The following provisions apply to the use
19 tax in this subsection:

20 (a) Where persons are taxable under chapter 82.08 RCW, the seller
21 shall collect the use tax from the buyer using the collection
22 provisions of RCW 82.08.050.

23 (b) Where persons are taxable under chapter 82.12 RCW, the use tax
24 must be collected using the provisions of RCW 82.12.045.

25 (c) "Motor vehicle" has the meaning given in RCW 46.04.320.

26 (d) "Person" has the meaning given in RCW 82.04.030.

27 (e) The value of a motor vehicle must be determined under RCW
28 82.12.010.

29 (f) Except as specifically stated in this subsection (2), chapters
30 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax
31 imposed under the authority of chapter 82.14 RCW, and chapter 82.14 RCW
32 applies fully to the use tax.

33 NEW SECTION. **Sec. 505.** A new section is added to chapter 43.135
34 RCW to read as follows:

35 SALES AND USE TAX CREDIT SHIFT. A transfer or credit from the
36 general fund of sales and use tax paid on a transportation project
37 being constructed by a regional transportation investment district does

1 not require a corresponding lowering of the state expenditure limit to
2 reflect this shift for purposes of RCW 43.135.035(4).

3 **Sec. 506.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to
4 read as follows:

5 CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties,
6 cities, and transportation authorities under RCW 82.14.045 (~~and~~),
7 public facilities districts under chapters 36.100 and 35.57 RCW, and
8 regional transportation investment districts shall contract, prior to
9 the effective date of a resolution or ordinance imposing a sales and
10 use tax, the administration and collection to the state department of
11 revenue, which shall deduct a percentage amount, as provided by
12 contract, not to exceed two percent of the taxes collected for
13 administration and collection expenses incurred by the department. The
14 remainder of any portion of any tax authorized by this chapter
15 (~~which~~) that is collected by the department of revenue shall be
16 deposited by the state department of revenue in the local sales and use
17 tax account hereby created in the state treasury. Moneys in the local
18 sales and use tax account may be spent only for distribution to
19 counties, cities, transportation authorities, (~~and~~) public facilities
20 districts, and regional transportation investment districts imposing a
21 sales and use tax. All administrative provisions in chapters 82.03,
22 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
23 amended, shall, insofar as they are applicable to state sales and use
24 taxes, be applicable to taxes imposed pursuant to this chapter. Except
25 as provided in RCW 43.08.190, all earnings of investments of balances
26 in the local sales and use tax account shall be credited to the local
27 sales and use tax account and distributed to the counties, cities,
28 transportation authorities, (~~and~~) public facilities districts, and
29 regional transportation investment districts monthly.

30 NEW SECTION. **Sec. 507.** A new section is added to chapter 82.32
31 RCW to read as follows:

32 CREDIT ON SALES TAX ON TOLL PROJECTS. (1) The tax imposed and
33 collected under chapters 82.08 and 82.12 RCW, less any credits allowed
34 under chapter 82.14 RCW, on initial construction for a project to be
35 constructed under chapter 36.-- RCW (sections 101 through 117, 201, and
36 501 of this act), must be transferred to the project or identified as
37 a credit on the project to defray costs or pay debt service on that

1 project. In the case of a toll project, this transfer or credit must
2 be used to lower the overall cost of the project and thereby the
3 corresponding tolls.

4 (2) This transaction is exempt from the requirements in RCW
5 43.135.035(4).

6 (3) Government entities constructing projects under chapter 36.--
7 RCW (sections 101 through 117, 201, and 501 of this act) shall report
8 to the department the amount of state sales or use tax covered under
9 this section.

10 NEW SECTION. **Sec. 508.** A new section is added to chapter 82.80
11 RCW to read as follows:

12 LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority
13 of the voters within its boundaries voting on the ballot proposition,
14 a regional transportation investment district may set and impose an
15 annual local option vehicle license fee of a uniform amount of up to
16 one hundred dollars per motor vehicle registered within the boundaries
17 of the region on every motor vehicle, as defined in RCW 46.04.320.
18 Vehicles registered under chapter 46.87 RCW and the International
19 Registration Plan are exempt from the annual local option vehicle
20 license fee set forth in this section. The department of licensing
21 shall administer and collect this fee on behalf of regional
22 transportation investment districts and remit this fee to the custody
23 of the state treasurer for monthly distribution under RCW 82.80.080.

24 (2) The local option vehicle license fee applies only when
25 establishing or renewing a vehicle registration. This fee is effective
26 with the registration expiration date as provided by the department of
27 licensing.

28 (3) A regional transportation investment district imposing the
29 local option vehicle license fee or initiating an exemption process
30 shall enter into a contract with the department of licensing. The
31 contract must contain provisions that fully recover the costs to the
32 department of licensing for collection and administration of the fee.

33 (4) A regional transportation investment district imposing the
34 local option fee shall delay the effective date of the local option
35 vehicle license fee imposed by this section at least six months from
36 the date of the final certification of the approval election to allow
37 the department of licensing to implement the administration and
38 collection of or exemption from the fee.

1 NEW SECTION. **Sec. 509.** A new section is added to chapter 47.56
2 RCW to read as follows:

3 AUTHORIZATION FOR DISTRICT TO IMPOSE TOLLS. Upon approval of a
4 majority of the voters within its boundaries voting on the ballot
5 proposition, and only for the purposes authorized in section 105(1)(g)
6 of this act, a regional transportation investment district may impose
7 vehicle tolls on state routes where improvements financed in whole or
8 in part by a regional transportation investment district add additional
9 lanes to a highway of statewide significance. The department shall
10 administer the collection of vehicle tolls on designated facilities
11 unless otherwise specified in law, and the state transportation
12 commission, or its successor, shall be the tolling authority.

13 **Sec. 510.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to
14 read as follows:

15 DEPARTMENT OF TRANSPORTATION AUTHORIZATION FOR DISTRICT TOLL
16 FACILITIES. The department shall approve for construction only such
17 toll roads as the legislature specifically authorizes or such toll
18 facilities as are specifically sponsored by a regional transportation
19 investment district, city, town, or county.

20 **Sec. 511.** RCW 81.100.010 and 1990 c 43 s 12 are each amended to
21 read as follows:

22 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The
23 need for mobility, growing travel demand, and increasing traffic
24 congestion in urban areas necessitate accelerated development and
25 increased utilization of the high_occupancy vehicle system. RCW
26 81.100.030 and 81.100.060 provide taxing authority that counties or
27 regional transportation investment districts can use in the near term
28 to accelerate development and increase utilization of the
29 high_occupancy vehicle system by supplementing available federal,
30 state, and local funds.

31 **Sec. 512.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to
32 read as follows:

33 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE EMPLOYER TAX.
34 (1) A county with a population of one million or more, or a county with
35 a population of from two hundred ten thousand to less than one million
36 that is adjoining a county with a population of one million or more,

1 and having within its boundaries existing or planned high_occupancy
2 vehicle lanes on the state highway system, or a regional transportation
3 investment district for capital improvements, but only to the extent
4 that the tax has not already been imposed by the county, may, with
5 voter approval impose an excise tax of up to two dollars per employee
6 per month on all employers or any class or classes of employers, public
7 and private, including the state located in the agency's jurisdiction,
8 measured by the number of full-time equivalent employees. In no event
9 may the total taxes imposed under this section exceed two dollars per
10 employee per month for any single employer. The county or investment
11 district imposing the tax authorized in this section may provide for
12 exemptions from the tax to such educational, cultural, health,
13 charitable, or religious organizations as it deems appropriate.

14 Counties or investment districts may contract with the state
15 department of revenue or other appropriate entities for administration
16 and collection of the tax. Such contract shall provide for deduction
17 of an amount for administration and collection expenses.

18 (2) The tax shall not apply to employment of a person when the
19 employer has paid for at least half of the cost of a transit pass
20 issued by a transit agency for that employee, valid for the period for
21 which the tax would otherwise be owed.

22 (3) A county or investment district shall adopt rules (~~which~~)
23 that exempt from all or a portion of the tax any employer that has
24 entered into an agreement with the county or investment district that
25 is designed to reduce the proportion of employees who drive in single-
26 occupant vehicles during peak commuting periods in proportion to the
27 degree that the agreement is designed to meet the goals for the
28 employer's location adopted under RCW 81.100.040.

29 The agreement shall include a list of specific actions that the
30 employer will undertake to be entitled to the exemption. Employers
31 having an exemption from all or part of the tax through this subsection
32 shall annually certify to the county or investment district that the
33 employer is fulfilling the terms of the agreement. The exemption
34 continues as long as the employer is in compliance with the agreement.

35 If the tax authorized in RCW 81.100.060 is also imposed (~~by the~~
36 ~~county~~), the total proceeds from both tax sources each year shall not
37 exceed the maximum amount which could be collected under RCW
38 81.100.060.

1 **Sec. 513.** RCW 81.100.060 and 1998 c 321 s 34 are each amended to
2 read as follows:

3 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE
4 EXCISE TAX. A county with a population of one million or more and a
5 county with a population of from two hundred ten thousand to less than
6 one million that is adjoining a county with a population of one million
7 or more, having within their boundaries existing or planned
8 high_occupancy vehicle lanes on the state highway system, or a regional
9 transportation investment district for capital improvements, but only
10 to the extent that the surcharge has not already been imposed by the
11 county, may, with voter approval, impose a local surcharge of not more
12 than 13.64 percent on the state motor vehicle excise tax paid under RCW
13 82.44.020(1) on vehicles registered to a person residing within the
14 county and on the state sales and use taxes paid under the rate in RCW
15 82.08.020(2) on retail car rentals within the county or investment
16 district. A county may impose the surcharge only to the extent that it
17 has not been imposed by the district. No surcharge may be imposed on
18 vehicles licensed under RCW 46.16.070 except vehicles with an unladen
19 weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or
20 46.16.090.

21 Counties or investment districts imposing a tax under this section
22 shall contract, before the effective date of the resolution or
23 ordinance imposing a surcharge, administration and collection to the
24 state department of licensing, and department of revenue, as
25 appropriate, which shall deduct an amount, as provided by contract, for
26 administration and collection expenses incurred by the department. All
27 administrative provisions in chapters 82.03, 82.32, and 82.44 RCW
28 shall, insofar as they are applicable to ((state)) motor vehicle excise
29 taxes, be applicable to surcharges imposed under this section. All
30 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32
31 RCW shall, insofar as they are applicable to state sales and use taxes,
32 be applicable to surcharges imposed under this section.

33 If the tax authorized in RCW 81.100.030 is also imposed ((by the
34 county)), the total proceeds from tax sources imposed under this
35 section and RCW 81.100.030 each year shall not exceed the maximum
36 amount which could be collected under this section.

37 **Sec. 514.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to
38 read as follows:

1 DISTRICT AUTHORITY TO IMPOSE PARKING TAX. (1) Subject to the
2 conditions of this section, the legislative authority of a county
3 ~~((or))~~, city, or district may fix and impose a parking tax on all
4 persons engaged in a commercial parking business within its respective
5 jurisdiction. The jurisdiction of a county, for purposes of this
6 section, includes only the unincorporated area of the county. The
7 jurisdiction of a city, or district includes only the area within its
8 ~~((incorporated))~~ boundaries.

9 (2) In lieu of the tax in subsection (1) of this section, a city
10 ~~((or))~~, a county in its unincorporated area, or a district may fix and
11 impose a tax for the act or privilege of parking a motor vehicle in a
12 facility operated by a commercial parking business.

13 The city ~~((or))~~, county, or district may provide that:

14 (a) The tax is paid by the operator or owner of the motor vehicle;

15 (b) The tax applies to all parking for which a fee is paid, whether
16 paid or leased, including parking supplied with a lease of
17 nonresidential space;

18 (c) The tax is collected by the operator of the facility and
19 remitted to the city ~~((or))~~, county, or district;

20 (d) The tax is a fee per vehicle or is measured by the parking
21 charge;

22 (e) The tax rate varies with zoning or location of the facility,
23 the duration of the parking, the time of entry or exit, the type or use
24 of the vehicle, or other reasonable factors; and

25 (f) Tax exempt carpools, vehicles with handicapped decals, or
26 government vehicles are exempt from the tax.

27 (3) "Commercial parking business" as used in this section, means
28 the ownership, lease, operation, or management of a commercial parking
29 lot in which fees are charged. "Commercial parking lot" means a
30 covered or uncovered area with stalls for the purpose of parking motor
31 vehicles.

32 (4) The rate of the tax under subsection (1) of this section may be
33 based either upon gross proceeds or the number of vehicle stalls
34 available for commercial parking use. The rates charged must be
35 uniform for the same class or type of commercial parking business.

36 (5) The county ~~((or))~~, city, or district levying the tax provided
37 for in subsection (1) or (2) of this section may provide for its
38 payment on a monthly, quarterly, or annual basis. Each local
39 government may develop by ordinance or resolution rules for

1 administering the tax, including provisions for reporting by commercial
2 parking businesses, collection, and enforcement.

3 (6) The proceeds of the commercial parking tax fixed and imposed by
4 a city or county under subsection (1) or (2) of this section shall be
5 used strictly for transportation purposes in accordance with RCW
6 82.80.070. The proceeds of the parking tax imposed by a district must
7 be used as provided in chapter 36.-- RCW (sections 101 through 117,
8 201, and 501 of this act).

9 **Sec. 515.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to
10 read as follows:

11 REQUIRES THAT LOCAL OPTION TAXES IMPOSED BY DISTRICT BE USED FOR
12 DISTRICT PROJECTS. (1) The proceeds collected pursuant to the exercise
13 of the local option authority of RCW 82.80.010, 82.80.020, 82.80.030,
14 and 82.80.050 (hereafter called "local option transportation revenues")
15 shall be used for transportation purposes only, including but not
16 limited to the following: The operation and preservation of roads,
17 streets, and other transportation improvements; new construction,
18 reconstruction, and expansion of city streets, county roads, and state
19 highways and other transportation improvements; development and
20 implementation of public transportation and high-capacity transit
21 improvements and programs; and planning, design, and acquisition of
22 right of way and sites for such transportation purposes. The proceeds
23 collected from excise taxes on the sale, distribution, or use of motor
24 vehicle fuel and special fuel under RCW 82.80.010 shall be used
25 exclusively for "highway purposes" as that term is construed in Article
26 II, section 40 of the state Constitution.

27 (2) The local option transportation revenues shall be expended for
28 transportation uses consistent with the adopted transportation and land
29 use plans of the jurisdiction expending the funds and consistent with
30 any applicable and adopted regional transportation plan for
31 metropolitan planning areas.

32 (3) Each local government with a population greater than eight
33 thousand that levies or expends local option transportation funds, is
34 also required to develop and adopt a specific transportation program
35 that contains the following elements:

36 (a) The program shall identify the geographic boundaries of the
37 entire area or areas within which local option transportation revenues
38 will be levied and expended.

1 (b) The program shall be based on an adopted transportation plan
2 for the geographic areas covered and shall identify the proposed
3 operation and construction of transportation improvements and services
4 in the designated plan area intended to be funded in whole or in part
5 by local option transportation revenues and shall identify the annual
6 costs applicable to the program.

7 (c) The program shall indicate how the local transportation plan is
8 coordinated with applicable transportation plans for the region and for
9 adjacent jurisdictions.

10 (d) The program shall include at least a six-year funding plan,
11 updated annually, identifying the specific public and private sources
12 and amounts of revenue necessary to fund the program. The program
13 shall include a proposed schedule for construction of projects and
14 expenditure of revenues. The funding plan shall consider the
15 additional local tax revenue estimated to be generated by new
16 development within the plan area if all or a portion of the additional
17 revenue is proposed to be earmarked as future appropriations for
18 transportation improvements in the program.

19 (4) Local governments with a population greater than eight thousand
20 exercising the authority for local option transportation funds shall
21 periodically review and update their transportation program to ensure
22 that it is consistent with applicable local and regional transportation
23 and land use plans and within the means of estimated public and private
24 revenue available.

25 (5) In the case of expenditure for new or expanded transportation
26 facilities, improvements, and services, priorities in the use of local
27 option transportation revenues shall be identified in the
28 transportation program and expenditures shall be made based upon the
29 following criteria, which are stated in descending order of weight to
30 be attributed:

31 (a) First, the project serves a multijurisdictional function;

32 (b) Second, it is necessitated by existing or reasonably
33 foreseeable congestion;

34 (c) Third, it has the greatest person-carrying capacity;

35 (d) Fourth, it is partially funded by other government funds, such
36 as from the state transportation improvement board, or by private
37 sector contributions, such as those from the local transportation act,
38 chapter 39.92 RCW; and

1 (e) Fifth, it meets such other criteria as the local government
2 determines is appropriate.

3 (6) It is the intent of the legislature that as a condition of
4 levying, receiving, and expending local option transportation revenues,
5 no local government agency use the revenues to replace, divert, or loan
6 any revenues currently being used for transportation purposes to
7 nontransportation purposes. The association of Washington cities and
8 the Washington state association of counties, in consultation with the
9 legislative transportation committee, shall study the issue of
10 nondiversion and make recommendations to the legislative transportation
11 committee for language implementing the intent of this section by
12 December 1, 1990.

13 (7) Local governments are encouraged to enter into interlocal
14 agreements to jointly develop and adopt with other local governments
15 the transportation programs required by this section for the purpose of
16 accomplishing regional transportation planning and development.

17 (8) Local governments may use all or a part of the local option
18 transportation revenues for the amortization of local government
19 general obligation and revenue bonds issued for transportation purposes
20 consistent with the requirements of this section.

21 (9) Subsections (1) through (8) of this section do not apply to a
22 regional transportation investment district imposing a tax or fee under
23 the local option authority of this chapter. Proceeds collected under
24 the exercise of local option authority under this chapter by a district
25 must be used in accordance with chapter 36.-- RCW (sections 101 through
26 117, 201, and 501 of this act). Proceeds collected under RCW 82.80.010
27 by a district must be used exclusively for "highway purposes," as that
28 term is construed under Article II, section 40 of the Washington state
29 Constitution.

30 **Sec. 516.** RCW 82.80.080 and 1998 c 281 s 2 are each amended to
31 read as follows:

32 LOCAL OPTION TAX REVENUE DISTRIBUTION. (1) The state treasurer
33 shall distribute revenues, less authorized deductions, generated by the
34 local option taxes authorized in RCW 82.80.010 and 82.80.020, levied by
35 counties to the levying counties, and cities contained in those
36 counties, based on the relative per capita population. County
37 population for purposes of this section is equal to one and one-half of
38 the unincorporated population of the county. In calculating the

1 distributions, the state treasurer shall use the population estimates
2 prepared by the state office of financial management and shall further
3 calculate the distribution based on information supplied by the
4 departments of licensing and revenue, as appropriate.

5 (2) The state treasurer shall distribute revenues, less authorized
6 deductions, generated by the local option taxes authorized in RCW
7 82.80.010 and 82.80.020 levied by qualifying cities and towns to the
8 levying cities and towns.

9 (3) The state treasurer shall distribute to the district revenues,
10 less authorized deductions, generated by the local option taxes under
11 RCW 82.80.010 or fees under section 508 of this act levied by a
12 district.

13 NEW SECTION. Sec. 517. A new section is added to chapter 82.80
14 RCW to read as follows:

15 DISTRICT DEFINED FOR LOCAL TAXES. For the purposes of this
16 chapter, "district" means a regional transportation investment district
17 created under chapter 36.-- RCW (sections 101 through 117, 201, and 501
18 of this act).

19 **VI. OTHER PROVISIONS**

20 NEW SECTION. Sec. 601. CAPTIONS AND SUBHEADINGS. Captions and
21 subheadings used in this act are not part of the law.

22 NEW SECTION. Sec. 602. TERMINATION OF DISTRICTS. Regional
23 transportation investment districts and their powers and duties are
24 terminated on June 30, 2006. However, nothing in this section may be
25 construed as impairing a district created before June 30, 2006, from
26 continuing to collect approved revenues and make payment on projects or
27 debt incurred.

28 NEW SECTION. Sec. 603. CODIFICATION. Sections 101 through 117,
29 201, and 501 of this act constitute a new chapter in Title 36 RCW.

30 NEW SECTION. Sec. 604. SEVERABILITY. If any provision of this
31 act or its application to any person or circumstance is held invalid,
32 the remainder of the act or the application of the provision to other
33 persons or circumstances is not affected.

