

SENATE BILL REPORT

SB 5861

As of February 27, 2013

Title: An act relating to local transportation revenue.

Brief Description: Concerning local transportation revenue.

Sponsors: Senators Murray, Kohl-Welles, Nelson, Eide, Frockt and Kline.

Brief History:

Committee Activity: Transportation: 2/27/13.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Amanda Cecil (786-7429)

Background: Transportation Benefit District (TBD). A TBD is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the TBD. A TBD is governed by the legislative authority of the jurisdiction proposing to create it, or by a governance structure prescribed in an interlocal agreement among multiple jurisdictions. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions. Port districts and transit districts may participate in the establishment of a TBD but may not initiate TBD formation.

A TBD has independent taxing authority to implement the following revenue measures, all of which are subject to voter approval:

- a local sales and use tax of up to 0.2 percent;
- a local annual vehicle fee of up to \$100 on vehicle license renewals, \$20 of which may be imposed without voter approval;
- excess property taxes, for a period of up to one year; and
- tolls, subject to legislative authorization and approval by the Washington State Transportation Commission if imposed on state routes.

A TBD may impose the following revenue measures without voter approval through a majority vote of the governing body:

- transportation impact fees on commercial and industrial development; and

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- except for passenger-only ferry improvements, up to \$20 in local annual vehicle fees if the TBD includes all the territory within the boundaries of the jurisdiction(s) establishing the TBD. When imposing this fee, if the TBD is countywide the revenues must be distributed to each city within the county by interlocal agreement.

Motor Vehicle Excise Tax (MVET). An MVET is a tax paid on the value of a motor vehicle. For the purpose of determining any locally imposed MVET, the value of a vehicle other than a truck or trailer is 85 percent of the manufacturer's base suggested retail price of the vehicle when first offered for sale as a new vehicle, excluding any optional equipment, applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in the depreciation schedules. For the purpose of determining any locally imposed MVET, the value of a truck or trailer is the latest purchase price of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in the depreciation schedules based on year of service of the vehicle since its last sale. The latest purchase year is considered the first year of service.

Summary of Bill: Vehicle Fee. A TBD may impose a local annual vehicle fee of up to \$40 upon a majority vote of the governing body.

MVET. A county with a population of 1 million or more may impose an MVET with the approval of the voters or upon a majority vote of the county council. The MVET may be up to 1.5 percent of the value of the vehicle and may be imposed on all the vehicles within the county, except for trucks with an unladen weight of 6000 pounds or more, farm vehicles, and commercial trailers.

Of the net funds collected from the MVET, 60 percent must be used for the operation, maintenance, and capital needs of public transportation systems. Of the net funds from the MVET, 40 percent must be used for the operations and maintenance of local roads. These funds must be distributed on a pro rata basis to the county and incorporated cities and towns within the county based on the population of the unincorporated areas of the county and the population of cities and towns as a percentage of the total population of the county.

A county imposing the MVET must contract, before the imposition of the MVET, with the Department of Licensing (DOL) for the administration and collection of the MVET. DOL must deduct an amount from the MVET collections to cover its administration and collection expenses.

Based on the current population, the MVET under this bill would only be eligible to King County.

Appropriation: None.

Fiscal Note: Requested on February 26, 2013.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: King County was able to organize themselves around this proposal, which addresses roads and transit in our community. The only way to add capacity in Seattle is to lure people out of their cars. Metro keeps congestion in check by taking 175,000 cars off the road each weekday. Preserving Metro service is essential for students at the University of Washington's (UW) Seattle campus. Investments in transit and local roads is important for aerospace and as it allows for freight mobility. As the price of gas goes up, more people are using transit to get around.

CON: Increasing the councilmanic fee on vehicles is regressive and this MVET added to the one that is being proposed at the state level is equal to the MVET that was repealed in 2000. Local options need to be considered in the context of a larger transportation funding package. MVET increases the cost of new and used vehicles. Adding expenses to the sale of vehicles results in a decrease in sales and consequently in sales tax revenue. In addition to the sales tax being the largest single source of general fund revenue, it is also the largest source of local transit funding so there is already a large portion of revenue from vehicles funding transit.

OTHER: Policy makers need to find a funding source for transit that is broader than motor vehicles. Increasing vehicle fees has not been popular with the voters. There is a need for local options but it should be done as part of a larger transportation revenue package.

Persons Testifying: PRO: Cody Arledge, Transportation Choices Coalition; Melanie Mayock, UW Graduate, Professional Student Senate; Larry Brown, International Assn. of Machinists 751; Harold Taniguchi, King County Dept. of Transportation; Sally Clark, City of Seattle; Genesee Adkins, King County.

CON: Duke Schaub, Assn. of General Contractors of WA; Scott Hazlegrove, WA State Auto Dealers Assn.

OTHER: Dave Overstreet, AAA WA; Doug Levy, cities of Renton, Redmond, and Kent.