
Transportation Committee

ESSB 6582

Brief Description: Concerning local transportation revenue options.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen, Eide, Hobbs, Ranker and Shin).

Brief Summary of Engrossed Substitute Bill

- Allows a transportation benefit district to impose a vehicle fee of up to \$40 by a majority vote of the district's governing board or allows a transportation benefit district to impose up to 1 percent of the value of a motor vehicle registered in the district with a vote of the people.
- Changes the local option fuel tax from 10 percent to 1 cent, 2 cents, or 3 cents on each gallon of fuel sold within the boundaries of the county.

Hearing Date: 2/21/12

Staff: Jerry Long (786-7306).

Background:

A transportation benefit district (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 district. Various revenue options are available to a TBD in order to finance the improvements, most of which are subject to voter approval. Voter approval is not required for a TBD governing board to impose a vehicle fee of up to \$20 per vehicle, but only 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 inter-local agreement.

For the purpose of determining any locally imposed motor vehicle excise tax (MVET), the value of a vehicle other than a truck or trailer shall be 85 percent of the manufacturer's base suggested

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 established by legislation in 2006. For the purpose of determining any locally imposed MVET, the value of a truck or trailer shall be 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 following percentage based on year of service of the vehicle since last sale. The latest purchase year shall be considered the first year of service.

Presently, the Regional Transit Authority MVET is 0.3 percent of a vehicle's value and has been applicable since 1996 in King, Pierce, and Snohomish counties. King, Pierce, and Snohomish counties may also impose with voter approval a local MVET of up to 0.3 percent of a vehicle's value to be used for high occupancy vehicle (HOV) systems. These funds can be used for HOV lane development, mitigation of environmental impacts of high occupancy development, support of employer programs to reduce single-occupant commuting, and commuter rail programs.

In 1990 counties were provided the authority to implement a statewide local option motor vehicle and special fuel tax. The tax authorized is 10 percent of the statewide fuel tax which would be 3.75 cents based on the current fuel tax rate of 37.5 cents. This is a county imposition with no city levy. Voter approval is required. The tax must be used for the operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high capacity transit improvements and programs; and planning, design, and acquisition of right-of-way and sites for such transportation purposes. Revenues are distributed back to the county and cities contained within the county, on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).

Summary of Bill:

Vehicle Fee.

A TBD, that includes all of the territory within the boundaries of the jurisdiction or jurisdictions establishing the district, but not including territory in which a fee is currently being collected, may impose by a majority vote of the governing board of the district a vehicle fee of up to \$40. If the district is countywide, the revenues of the fee must be distributed to each city within the district by interlocal agreement. A district currently collecting a vehicle fee would require authorization by the district voters to increase the vehicle fee above \$20. The agreement is effective when approved by the district and 60 percent of the cities representing 75 percent of the population of the cities within the district in which the countywide fee is collected. If the district is less than countywide, the revenues of the fee must be distributed to each city within the district by interlocal agreement.

In the TBD statutes, the definition of a project has been expanded to include local projects and programs of local statewide significance in addition to regional and statewide.

Motor Vehicle Excise Tax.

A TBD with a vote of the people may impose a MVET of up to 1 percent annually on the value of every motor vehicle owned by a resident of the district. Exemptions are vehicles registered by weight and over 6,000 pounds; farm vehicles registered based on gross weight; fixed load motor vehicles; and commercial trailers. Tax applies only when renewing a vehicle registration. The valuation of the vehicle is based on the purchase price excluding federal excise taxes, state and local sales and use taxes, transportation or shipping costs, or preparatory or delivery costs.

The Department of Licensing (DOL) must administer and collect the tax. The DOL must deduct a percentage amount, as provided by contract, not to exceed 1 percent of the taxes collected, for the administration and collection expenses incurred by the DOL.

The bill repeals the existing vehicle valuation schedules in statute and implements a depreciation schedule where the first year is based on purchase price excluding federal excise taxes, state and local sales and use taxes, transportation or shipping costs, or preparatory or delivery costs.

A TBD may impose a vehicle fee or a MVET and may not impose both.

Local Option Fuel Tax.

The existing countywide fuel tax authority of 10 percent of the statewide fuel tax rate is changed to 1 cent, 2 cents, or 3 cents per gallon of fuel. A county may only impose the tax with a vote of the people.

Appropriation: None.

Fiscal Note: New fiscal note requested on February 14, 2012.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.