

HOUSE BILL REPORT

HB 1898

As Reported by House Committee On: Transportation

Title: An act relating to the funding of enhanced public transportation zones for public transportation systems.

Brief Description: Concerning the funding of enhanced public transportation zones for public transportation systems.

Sponsors: Representatives Fey, Sawyer, Fitzgibbon, Jinkins, Farrell, Ryu, Pollet and Morrell.

Brief History:

Committee Activity:

Transportation: 2/27/13, 3/1/13 [DPS].

Brief Summary of Substitute Bill

- Allows for the establishment of enhanced public transportation zones (Zone) as separate legal entities by all existing transit agencies, except for regional transit authorities.
- Requires approval of the voters within a Zone to increase the sales and use tax rate, which may not exceed the existing 0.9 percent cap.
- Requires revenue from any tax imposed by a Zone to be expended for increased public transportation service within the Zone.
- Limits a Zone to 49 percent of the population of the transit agency area.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist, Farrell, Fitzgibbon, Freeman, Habib, Moeller, Morris, Riccelli, Ryu, Sells, Takko, Tarleton and Upthegrove.

Minority Report: Do not pass. Signed by 14 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant

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Ranking Minority Member; Angel, Hayes, Johnson, Klippert, Kochmar, Kretz, Kristiansen, O'Ban, Rodne, Shea and Zeiger.

Staff: David Munnecke (786-7315).

Background:

Several types of transit agencies have been created under different authorizing laws depending on the desired service area to be covered, governance structure, and taxing authority. There are currently 31 local public transit agencies in Washington: 20 are Public Transportation Benefit Areas; five are City Authorities; two are County Transportation Authorities; two are Unincorporated Transportation Benefit Areas; one is a county-assumed Metropolitan Municipal Corporation, King County Metro; and one, Sound Transit, is a Regional Transit Authority.

In general, transit agencies are authorized to, and do, impose a sales and use tax of up to 0.9 percent with voter approval, for the purpose of funding public transportation services. A proposal for implementing a sales and use tax increase must be put before all the voters within the boundary of a transit agency.

Summary of Substitute Bill:

All transit agencies, except a Regional Transit Authority, may establish an enhanced public transportation zone (Zone) within the transit agencies' boundaries. A Zone is created as a separate, independent local government, governed by the members of the transit agency that created it, with specific authority to impose a sales and use tax. A city, town, or county may opt out of a Zone prior to creation of the Zone, or at the time of reauthorization of Zone.

A transit agency may put to the voters within a Zone a sales and use tax increase for the purpose of providing enhanced transit service solely within the Zone, and funds collected from the tax may not supplant existing revenue expended in the Zone. A sales and use tax imposed on a Zone, when combined with a transit agency's existing sales and use taxing authority, may not exceed the existing limit of 0.9 percent.

When establishing the boundaries of a Zone, the establishing agency must consult with the Department of Revenue on sales tax collection methods, and boundaries must follow election precinct lines if possible. A Zone may cover only a portion of an area within a transit agency's boundaries, including portions of a city or town, and may not include more than 49 percent of the population of the transit agency's area. Also, the establishing transit agency is required to attempt to include within the Zone a significant amount of the low-income or minority populations, designated as such for the purposes of Title VI of the federal Civil Rights Act, that reside within the establishing transit agency's boundaries.

The establishing transit agency must adopt an ordinance that finds that the Zone warrants consistent and sustainable transportation service levels of passenger capacity, speed, and service frequency to serve persons within the Zone that would otherwise be substantially

disadvantaged if the Zone were not created. A baseline level of service must be established prior to creation of the Zone, and service within the Zone must increase in proportion to the additional revenue collected.

A sales and use tax imposed in a Zone expires after five years, unless reauthorized by the voters of the Zone.

Substitute Bill Compared to Original Bill:

A Zone is created as a separate, independent local government, governed by the members of the transit agency that created it, with specific authority to impose a sales and use tax.

A city, town, or county may opt out of a Zone prior to creation of the Zone, or at the time of reauthorization of Zone. The requirement that a Zone include 55 percent or more of the low-income or minority population of the transit agency area is removed. Instead, the establishing transit agency is required to attempt to include a significant amount of that population in the Zone.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill will help to mitigate the transit service cuts that will otherwise harm the most vulnerable people in a community. In Pierce County, most of the riders on Pierce Transit have a household income of less than \$20,000.

Pierce Transit currently uses 0.6 percent of its 0.9 percent taxing authority. Pierce Transit's revenue has declined significantly during the recession, the Pierce Transit unions have made significant concessions, and Pierce Transit has worked hard to become as efficient as possible. Pierce Transit has tried to go to the ballot twice to increase its sales tax levy, and has failed both times. The last time it failed by fewer than 700 votes. Pierce Transit's service hours will have gone from 600,000 to 300,000 after the next round of scheduled cuts. This is a crisis for transit, and it could cause a downward spiral leading to no transit service at all in one of the largest counties in Washington.

The areas that have approved the increase in the sales tax are the areas that need the service the most. This bill would allow those areas that need the service to vote for the service. Cities, towns, and counties are all granted the right to opt out of the area where the tax would increase, so two levels of government must approve of a Zone before it can be voted on.

This bill requires that a baseline level of service be established, and that any increase in revenue be used to improve this service. There is a variety of nonsupplanting language in the bill to insure that new revenue goes to enhanced service. A Zone must be reauthorized after five years, and jurisdictions have another chance to opt out at that point.

This bill allows for local control. It recognizes the communities that voted against a tax increase as well as those that voted for it.

People depend on buses to get around, and this has become very difficult in off-peak hours. People cannot get to where they need to go during these hours.

As the economy has fallen and gas prices have gone up, demand for transit has gone up as well, increasing by 12 percent between 2005 and 2008. Many people are now forced to stand for the entirety of their trip. Funds need to be made available to address operations and maintenance needs, and local governments need to be given the tools to provide these funds based on local decision making. The elderly, in particular, rely on transit to get around and get to doctor's appointments because many can no longer drive.

(With concerns) Transit needs funding, but the money needs to come from the general public. Motorists should not be the only ones asked to pay. If the proposed revenue package is passed, motorists will already be asked to pay a gas tax and a motor vehicle excise tax.

Increasing vehicle fees has not been popular, and the two-thirds requirement for increasing taxes was just approved. There is no silver bullet for funding, but lodging taxes, property taxes, fare box increases, and household taxes would all be possibilities for providing transit funding.

(Opposed) None.

Persons Testifying: Representative Fey, prime sponsor; Briahna Taylor, Lynne Griffith, and Derek Young, Pierce Transit; Cody Arledge, Transportation Choices Coalition; Larry Brown, International Aerospace Machinists; Ken Gibson, Tacoma Area Coalition of Individuals with Disabilities; Robert Wardell; and Bruce Wishart, Sierra Club.

(With concerns) Dave Overstreet, Automobile Association of America - Washington.

Persons Signed In To Testify But Not Testifying: None.