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**SECOND ENGROSSED SENATE BILL 5893**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators O'Ban, Rossi, Becker, Rivers, Miloscia, King, Bailey, Braun, Wilson, Walsh, Zeiger, Angel, Warnick, Brown, Honeyford, Fortunato, Pearson, Padden, Fain, Schoesler, and Hawkins

AN ACT Relating to establishing a vehicle valuation method for a regional transit authority collecting a motor vehicle excise tax that is based on Kelley blue book or national automobile dealers association values; amending RCW 82.44.135; adding a new section to chapter 81.112 RCW; creating new sections; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 82.44.135 and 2006 c 318 s 9 are each amended to read as follows:

(1) Except as otherwise provided in this section, before a local government subject to this chapter may impose a motor vehicle excise tax, the local government must contract with the department for the collection of the tax. The department may charge a reasonable amount, not to exceed one percent of tax collections, for the administration and collection of the tax.

(2) A regional transit authority may contract with the department for the collection of a motor vehicle excise tax only if the authority has implemented a market value adjustment program as directed in section 2 of this act.

(3) Any contract entered into under this section must provide that the department will receive amounts sufficient to fully cover the costs applicable to the tax collection and market value adjustment process, including (a) customer service-related costs, (b) information technology-related costs, (c) public announcement and education costs, and (d) any liability or other related risk assessment costs. The contract must also provide that any unforeseen future administrative costs will be borne by the regional transit authority.

(4) If the department enters into a contract with a regional transit authority for the collection of a motor vehicle excise tax authorized in RCW 81.104.160(1), and after the regional transit authority implements a market value adjustment program as directed in section 2 of this act, the department must clearly indicate, when notifying taxpayers of the expected tax due and when collecting the tax: The amount of tax owed under current law, the amount of any credit applied, and the net result.

NEW SECTION. **Sec.**  A new section is added to chapter 81.112 RCW to read as follows:

(1) A regional transit authority that includes portions of a county with a population of more than one million five hundred thousand and that imposes a motor vehicle excise tax under RCW 81.104.160(1) must establish a market value adjustment program to be implemented by December 31, 2017.

(2) Under the market value adjustment program, the authority must provide a credit against the total motor vehicle excise tax due in an amount equal to the tax due calculated using the vehicle valuation schedule in effect on the effective date of this section, less an amount calculated using an assumed motor vehicle excise tax of 0.5 percent and the value of a motor vehicle based on base model Kelley blue book values or national automobile dealers association values, whichever is lower, if the resulting difference is positive.

(3) Except for the property tax authorized in RCW 81.104.175 and for project schedule adjustments, the program may be funded by any resources available to the authority.

(4) The program must provide credit retroactive to the date that the authority first imposed the tax under RCW 81.104.160(1). The authority, in consultation with the department of licensing, must develop a system to issue refunds of credits with respect to vehicles for which the registrations were renewed before January 1, 2018.

(5) The program must be implemented in a manner that allows the delivery of the system and financing plan approved by the authority's voters in 2016 to the extent practicable. Building on past and ongoing cost-savings efforts, the agency must continue to evaluate measures that may be needed to reduce costs. These measures include, but are not limited to:

(a) Designing projects using the principles of practical design, as described for use by the department of transportation under RCW 47.01.480;

(b) Efficiencies realized in coordinating and integrating activities with other transit agencies and local governments, including through shared maintenance and operations, joint procurement, joint marketing, joint customer services, and joint capital projects; and

(c) Revising project contingency budgets, if practicable.

(6) Until the plan has been completed, the authority must submit an annual report to the transportation committees of the legislature by December 31st of each year on the status of the delivery of the plan. The report must include detail on the extent to and manner in which the authority has used cost savings to maintain the delivery of the plan as approved by the voters.

NEW SECTION. **Sec.**  This act must be construed to preclude a regional transit authority from defeasing any outstanding bond obligations.

NEW SECTION. **Sec.**  Section 2 of this act applies to vehicle registrations that are due or become due on or after January 1, 2018.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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