
SUBSTITUTE HOUSE BILL 1553

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Transportation Policy & Budget (originally sponsored by Representatives Skinner, Hankins, Murray, Fisher, Mielke, O'Brien, Mitchell, Constantine, Mastin, Cooper, Chopp, Blalock, H. Sommers, Conway, Mason, Wood and Scott)

Read first time 02/09/98. Referred to Committee on .

1 AN ACT Relating to city and town transportation funding; amending
2 RCW 82.80.020, 82.80.030, 82.80.080, 84.52.010, and 84.52.120; adding
3 a new section to chapter 82.14 RCW; adding a new chapter to Title 35
4 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes that cities and
7 towns throughout the state face a crisis in their ability to meet
8 growing local transportation needs, due in part to a 1995 decision of
9 the state supreme court that invalidated residential street utility
10 charges imposed under the authority of section 2, chapter 141, Laws of
11 1991. The legislature recognizes the need to assist cities and towns
12 to replace the local funding that would have been available to them had
13 RCW 82.80.050 been upheld. The legislature hereby intends to provide
14 cities and towns the local option, with voter approval, to: Authorize
15 a city street district levy, similar to the existing county road
16 district levy in RCW 36.82.040, to be levied for cities under three
17 hundred thousand in population by the county legislative authority and
18 by larger cities for themselves, as is the case with other regular
19 property taxes; increase the local sales and use tax; or impose a city

1 or town gas tax of ten percent of the state rate. Additionally, cities
2 and towns are provided the local option, subject to voter referendum,
3 to impose a business and occupation tax on retail sales in the city or
4 town of motor vehicle and special fuel, or to impose a vehicle license
5 fee if that fee has not been imposed by the county in which the city or
6 town is located. A city or town may use any combination of the five
7 options.

8 NEW SECTION. **Sec. 2.** For the purpose of efficient administration
9 of the streets and for other transportation purposes of each city or
10 town, the legislative authority may establish in its respective city or
11 town a city street district, if authorized to do so by a majority of
12 its voters voting at a general or special election on a proposition for
13 that purpose, and shall cause its action in so doing to be entered upon
14 its records.

15 The city street district must be coterminous with the city or town.
16 Territory later annexed into the city or town automatically becomes
17 part of the city street district, and territory ceasing to be part of
18 the city or town automatically ceases to be part of the city street
19 district.

20 A city street district may be disestablished, effective at the
21 start of a new calendar year, by action of the city or town legislative
22 authority.

23 NEW SECTION. **Sec. 3.** There is created in each city or town that
24 has established a city street district an account to be known as the
25 city street district account. Any funds accruing to and to be
26 deposited in the city street district account arising from a levy in a
27 city street district must be expended for proper city street and other
28 transportation purposes, in accordance with RCW 82.80.070.

29 NEW SECTION. **Sec. 4.** For the purpose of raising revenue for
30 establishing, laying out, constructing, altering, repairing, improving,
31 and maintaining city streets and bridges, and for other proper city
32 transportation purposes in accordance with RCW 82.80.070, the county
33 legislative authority, or the city legislative authority in a city
34 having a population of three hundred thousand or more, shall annually
35 at the time of making the property tax levy for general purposes make
36 a uniform tax levy throughout each city street district of an amount

1 not to exceed fifty cents per thousand dollars of assessed value of the
2 last assessed valuation of the taxable property in the city street
3 district, unless other laws of the state require a lower maximum levy,
4 in which event the lower maximum levy controls. All funds accruing
5 from the levy must be credited to and deposited in the city street
6 district account. Revenues derived from the levy shall not supplant
7 any existing transportation funding.

8 NEW SECTION. **Sec. 5.** Sections 2 through 4 of this act constitute
9 a new chapter in Title 35 RCW.

10 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.14 RCW
11 to read as follows:

12 The legislative authority of any city or town may, if authorized to
13 do so by a majority of its voters voting at a general or special
14 election on a proposition for that purpose, fix and impose a sales and
15 use tax in accordance with the terms of this chapter. The referendum
16 procedure provided in RCW 82.14.036 shall not apply to any city or town
17 sales and use tax ordinance or resolution approved by the voters as
18 provided in this section.

19 The tax authorized in this section shall be in addition to any
20 other taxes authorized by law and shall be collected from those persons
21 who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW
22 upon the occurrence of any taxable event within such city or town. The
23 rate of tax shall equal one-tenth of one percent of the selling price,
24 in the case of a sales tax, or value of the article used, in the case
25 of a use tax.

26 The state treasurer shall distribute the moneys collected under
27 this section monthly to the city or town levying the tax, after making
28 the deductions authorized in RCW 82.14.050.

29 Moneys received from any tax imposed under this section shall be
30 expended exclusively for transportation purposes in accordance with RCW
31 82.80.070. Moneys received from any tax imposed under this section
32 shall not supplant any existing transportation funding.

33 **Sec. 7.** RCW 82.80.020 and 1996 c 139 s 4 are each amended to read
34 as follows:

35 (1)(a) Subject to (b) of this subsection, and upon approval by a
36 majority of voters voting at a general or special election on a

1 proposition for this purpose, the legislative authority of a county may
2 fix and impose an additional fee, not to exceed fifteen dollars per
3 vehicle, for each vehicle that is subject to license fees under RCW
4 46.16.060 and for each vehicle that is subject to RCW 46.16.070 with an
5 unladen weight of six thousand pounds or less and is determined by the
6 department of licensing to be registered within the boundaries of the
7 county.

8 (b) The legislative authority of a county, upon the request of a
9 city or town, may fix and impose an additional fee within less-than-
10 county-wide boundaries adopted by the legislative authority, not to
11 exceed fifteen dollars per vehicle, for each vehicle that is subject to
12 license fees under RCW 46.16.060 and each vehicle subject to RCW
13 46.16.070 with an unladen weight of six thousand pounds or less and is
14 determined by the department of licensing to be registered within the
15 boundaries adopted under this subsection (1)(b). If a fee is imposed
16 under this subsection (1)(b), the county may also impose a fee under
17 (a) of this subsection, but may not impose the fee under (a) of this
18 subsection within the boundaries adopted under this subsection (1)(b).

19 (2) The department of licensing shall administer and collect
20 ~~((the))~~ fees adopted under this section. The department shall deduct
21 a percentage amount, as provided by contract, not to exceed two percent
22 of the taxes collected, for administration and collection expenses
23 incurred by it. The remaining proceeds shall be remitted to the
24 custody of the state treasurer for monthly distribution under RCW
25 82.80.080.

26 (3) The proceeds of ~~((this))~~ the fee imposed under subsection
27 (1)(a) of this section shall be used strictly for transportation
28 purposes in accordance with RCW 82.80.070. The proceeds of the fee
29 imposed under subsection (1)(b) of this section shall be used strictly
30 for a transportation project, properly identified by mileposts or other
31 designations that specify the exact project parameters, or for a number
32 of years, specified by the county legislative authority when the county
33 legislative authority authorizes the fee, that is for transportation
34 purposes in accordance with RCW 82.80.070. Moneys received from any
35 fee imposed under this section shall not supplant any existing
36 transportation funding.

37 (4) A county imposing ~~((this))~~ fees under this section or
38 initiating an exemption process shall delay the effective date at least
39 six months from the date the ordinance is enacted to allow the

1 department of licensing to implement administration and collection of
2 or exemption from the fee.

3 (5) The legislative authority of a county may develop and initiate
4 an exemption process of the ((fifteen-dollar)) fees adopted under this
5 section for the registered owners of vehicles residing within the
6 boundaries ((of the county)) in which the fees are imposed: (a) Who
7 are sixty-one years old or older at the time payment of the fee is due
8 and whose household income for the previous calendar year is less than
9 an amount prescribed by the county, city, or town legislative
10 authority((7)); or (b) who ((has)) have a physical disability.

11 (6) The legislative authority of a county shall develop and
12 initiate an exemption process of the ((fifteen-dollar)) fees adopted
13 under this section for vehicles registered within the boundaries ((of
14 the county)) in which the fees are imposed that are licensed under RCW
15 46.16.374.

16 (7) The fee imposed under this section shall not apply to initial
17 vehicle registrations.

18 **Sec. 8.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to read
19 as follows:

20 (1) Subject to the conditions of this section, the legislative
21 authority of a county or city, upon approval by a majority of voters
22 voting at a general or special election on a proposition for this
23 purpose, may fix and impose a parking tax on all persons engaged in a
24 commercial parking business within its respective jurisdiction. The
25 jurisdiction of a county, for purposes of this section, includes only
26 the unincorporated area of the county. The jurisdiction of a city
27 includes only the area within its incorporated boundaries.

28 (2) In lieu of the tax in subsection (1) of this section, a city or
29 a county in its unincorporated area may fix and impose a tax for the
30 act or privilege of parking a motor vehicle in a facility operated by
31 a commercial parking business.

32 (3) In addition to the taxes in subsections (1) and (2) of this
33 section, a city or county in its unincorporated area may fix and impose
34 a tax upon an employer who provides parking for his or her employees,
35 regardless of whether the employer or the employee pays a fee for said
36 parking.

37 The city or county may provide that:

1 (a) The tax is paid by the operator or owner of the motor vehicle
2 or by the employer or employee who pays a fee for the right to the use
3 of parking;

4 (b) The tax applies to all parking for which a fee is paid, whether
5 paid or leased, including parking or the right to the use of parking
6 supplied with a lease of nonresidential space;

7 (c) The tax is collected by the operator of the facility or the
8 employer providing the parking privileges and remitted to the city or
9 county;

10 (d) The tax is a fee per vehicle or is measured by the value of the
11 parking ((charge));

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

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

17 (3) "Commercial parking business" as used in this section, means
18 the ownership, lease, operation, or management of a commercial parking
19 lot in which fees are charged. "Commercial parking lot" means a
20 covered or uncovered area with stalls or other capacity for the purpose
21 of parking motor vehicles. "Fee" as used in this section means any
22 form of consideration, and includes the consideration of laboring for
23 an employer or other person who provides parking in return.

24 (4) The rate of the tax under subsection (1) of this section may be
25 based either upon gross proceeds or the number of vehicle stalls
26 available or actually used for commercial parking use. The rates
27 charged must be uniform for the same class or type of commercial
28 parking business.

29 (5) The county or city levying the tax provided for in subsection
30 (1) ~~((or))~~, (2), or (3) of this section may provide for its ~~((payment))~~
31 collection on a daily, monthly, quarterly, semiannual, or annual basis,
32 and may require the tax to be remitted to the county or city on a
33 monthly, quarterly, semiannual, or annual basis. Each local government
34 may develop by ordinance or resolution rules for administering the tax,
35 including provisions for reporting by commercial parking businesses,
36 collection, and enforcement.

37 (6) The proceeds of the commercial parking tax fixed and imposed
38 under subsection (1) ~~((or))~~, (2), or (3) of this section shall be used
39 strictly for transportation purposes in accordance with RCW 82.80.070.

1 Moneys received from any fee or tax imposed under this section shall
2 not supplant any existing transportation funding.

3 **Sec. 9.** RCW 82.80.080 and 1990 c 42 s 213 are each amended to read
4 as follows:

5 (1) 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 counties to the levying counties,
8 and cities contained in those counties, based on the relative per
9 capita population. County population for purposes of this section is
10 equal to one and one-half of the unincorporated population of the
11 county. In calculating the distributions, the state treasurer shall
12 use the population estimates prepared by the state office of financial
13 management and shall further calculate the distribution based on
14 information supplied by the departments of licensing and revenue, as
15 appropriate.

16 (2) The state treasurer shall distribute revenues, less authorized
17 deductions, generated by the local option taxes authorized in RCW
18 82.80.010 and 82.80.020 levied by cities and towns to the levying
19 cities and towns.

20 **Sec. 10.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each
21 amended to read as follows:

22 Except as is permitted under RCW 84.55.050, all taxes shall be
23 levied or voted in specific amounts.

24 The rate percent of all taxes for state and county purposes, and
25 purposes of taxing districts coextensive with the county, shall be
26 determined, calculated and fixed by the county assessors of the
27 respective counties, within the limitations provided by law, upon the
28 assessed valuation of the property of the county, as shown by the
29 completed tax rolls of the county, and the rate percent of all taxes
30 levied for purposes of taxing districts within any county shall be
31 determined, calculated and fixed by the county assessors of the
32 respective counties, within the limitations provided by law, upon the
33 assessed valuation of the property of the taxing districts
34 respectively.

35 When a county assessor finds that the aggregate rate of tax levy on
36 any property, that is subject to the limitations set forth in RCW
37 84.52.043 or 84.52.050, exceeds the limitations provided in either of

1 these sections, the assessor shall recompute and establish a
2 consolidated levy in the following manner:

3 (1) The full certified rates of tax levy for state, county, county
4 road district, and city or town purposes shall be extended on the tax
5 rolls in amounts not exceeding the limitations established by law;
6 however any state levy shall take precedence over all other levies and
7 shall not be reduced for any purpose other than that required by RCW
8 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
9 84.34.230, the portion of the levy by a metropolitan park district that
10 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
11 regular property tax levies that are subject to the one percent
12 limitation exceeds one percent of the true and fair value of any
13 property, then these levies shall be reduced as follows: (a) The
14 certified levy of a city street district shall be reduced until the
15 combined rate no longer exceeds one percent of the true and fair value
16 of any property or shall be eliminated; (b) if the combined rate of
17 regular property tax levies that are subject to the one percent
18 limitation still exceeds one percent of the true and fair value of any
19 property, then the portion of the levy by a metropolitan park district
20 that is protected under RCW 84.52.120 shall be reduced until the
21 combined rate no longer exceeds one percent of the true and fair value
22 of any property or shall be eliminated; (~~(b)~~) (c) if the combined
23 rate of regular property tax levies that are subject to the one percent
24 limitation still exceeds one percent of the true and fair value of any
25 property, then the levies imposed under RCW 84.34.230, 84.52.105, and
26 any portion of the levy imposed under RCW 84.52.069 that is in excess
27 of thirty cents per thousand dollars of assessed value, shall be
28 reduced on a pro rata basis until the combined rate no longer exceeds
29 one percent of the true and fair value of any property or shall be
30 eliminated; and (~~(e)~~) (d) if the combined rate of regular property
31 tax levies that are subject to the one percent limitation still exceeds
32 one percent of the true and fair value of any property, then the thirty
33 cents per thousand dollars of assessed value of tax levy imposed under
34 RCW 84.52.069 shall be reduced until the combined rate no longer
35 exceeds one percent of the true and fair value of any property or
36 eliminated.

37 (2) The certified rates of tax levy subject to these limitations by
38 all junior taxing districts imposing taxes on such property shall be

1 reduced or eliminated as follows to bring the consolidated levy of
2 taxes on such property within the provisions of these limitations:

3 (a) First, the certified levy of a city street district shall be
4 reduced or eliminated;

5 (b) Second, the certified property tax levy rates of those junior
6 taxing districts authorized under RCW 36.68.525, 36.69.145, and
7 67.38.130 shall be reduced on a pro rata basis or eliminated;

8 (~~(b) Second~~) (c) Third, if the consolidated tax levy rate still
9 exceeds these limitations, the certified property tax levy rates of
10 flood control zone districts shall be reduced on a pro rata basis or
11 eliminated;

12 (~~(c) Third~~) (d) Fourth, if the consolidated tax levy rate still
13 exceeds these limitations, the certified property tax levy rates of all
14 other junior taxing districts, other than fire protection districts,
15 library districts, the first fifty cent per thousand dollars of
16 assessed valuation levies for metropolitan park districts, and the
17 first fifty cent per thousand dollars of assessed valuation levies for
18 public hospital districts, shall be reduced on a pro rata basis or
19 eliminated;

20 (~~(d) Fourth~~) (e) Fifth, if the consolidated tax levy rate still
21 exceeds these limitations, the certified property tax levy rates
22 authorized to fire protection districts under RCW 52.16.140 and
23 52.16.160 shall be reduced on a pro rata basis or eliminated; and

24 (~~(e) Fifth~~) (f) Sixth, if the consolidated tax levy rate still
25 exceeds these limitations, the certified property tax levy rates
26 authorized for fire protection districts under RCW 52.16.130, library
27 districts, metropolitan park districts under their first fifty cent per
28 thousand dollars of assessed valuation levy, and public hospital
29 districts under their first fifty cent per thousand dollars of assessed
30 valuation levy, shall be reduced on a pro rata basis or eliminated.

31 In determining whether the aggregate rate of tax levy on any
32 property, that is subject to the limitations set forth in RCW
33 84.52.050, exceeds the limitations provided in that section, the
34 assessor shall use the hypothetical state levy, as apportioned to the
35 county under RCW 84.48.080, that was computed under RCW 84.48.080
36 without regard to the reduction under RCW 84.55.012.

37 **Sec. 11.** RCW 84.52.120 and 1995 c 99 s 1 are each amended to read
38 as follows:

1 A metropolitan park district with a population of one hundred fifty
2 thousand or more may submit a ballot proposition to voters of the
3 district authorizing the protection of the district's tax levy from
4 prorationing under RCW 84.52.010(2) by imposing all or any portion of
5 the district's twenty-five cent per thousand dollars of assessed
6 valuation tax levy outside of the five dollar and ninety cent per
7 thousand dollar of assessed valuation limitation established under RCW
8 84.52.043(2), if those taxes otherwise would be prorated under RCW
9 84.52.010(2)((+e)) (d), for taxes imposed in any year on or before the
10 first day of January six years after the ballot proposition is
11 approved. A simple majority vote of voters voting on the proposition
12 is required for approval.

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