
HOUSE BILL 1553

State of Washington

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1997 Regular Session

By Representatives Skinner, Hankins, Murray, Fisher, Mielke, O'Brien, Mitchell, Constantine, Mastin, Cooper, Chopp, Blalock, H. Sommers, Conway, Mason, Wood and Scott

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1 AN ACT Relating to city and town transportation funding; amending
2 RCW 84.52.010, 84.52.043, 82.80.020, 82.80.060, 82.80.070, 82.80.080,
3 and 41.16.060; adding a new section to chapter 82.14 RCW; creating new
4 sections; and repealing RCW 82.80.050.

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 street utility charges imposed
10 under the authority of section 2, chapter 141, Laws of 1991 (RCW
11 82.80.050). The legislature intends to assist cities and towns to
12 replace the local funding that would have been available to them had
13 RCW 82.80.050 been upheld, by providing cities and towns with a choice
14 of utilizing, with voter approval, regular property tax capacity that
15 is available for but not utilized by special purpose districts,
16 imposing vehicle license fees if those fees have not been imposed by
17 the county in which the city or town is located, or increasing the
18 local sales and use tax with voter approval, or some combination of the
19 three. The legislature intends that allowing a shift in potential uses

1 of existing property tax authority will not result in displacing
2 property tax levies by other taxing districts, but will be available to
3 cities and towns only to the extent that it is not utilized by other
4 districts.

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

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

9 The rate percent of all taxes for state and county purposes, and
10 purposes of taxing districts coextensive with the county, shall be
11 determined, calculated and fixed by the county assessors of the
12 respective counties, within the limitations provided by law, upon the
13 assessed valuation of the property of the county, as shown by the
14 completed tax rolls of the county, and the rate percent of all taxes
15 levied for purposes of taxing districts within any county shall be
16 determined, calculated and fixed by the county assessors of the
17 respective counties, within the limitations provided by law, upon the
18 assessed valuation of the property of the taxing districts
19 respectively.

20 When a county assessor finds that the aggregate rate of tax levy on
21 any property, that is subject to the limitations set forth in RCW
22 84.52.043 or 84.52.050, exceeds the limitations provided in either of
23 these sections, the assessor shall recompute and establish a
24 consolidated levy in the following manner:

25 (1) The full certified rates of tax levy for state, county, county
26 road district, and city or town purposes shall be extended on the tax
27 rolls in amounts not exceeding the limitations established by law;
28 however any state levy shall take precedence over all other levies and
29 shall not be reduced for any purpose other than that required by RCW
30 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
31 84.34.230, the portion of the levy by a metropolitan park district that
32 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
33 regular property tax levies that are subject to the one percent
34 limitation exceeds one percent of the true and fair value of any
35 property, then these levies shall be reduced as follows: (a) The
36 portion of the levy by a metropolitan park district that is protected
37 under RCW 84.52.120 shall be reduced until the combined rate no longer
38 exceeds one percent of the true and fair value of any property or shall

1 be eliminated; (b) if the combined rate of regular property tax levies
2 that are subject to the one percent limitation still exceeds one
3 percent of the true and fair value of any property, then the levies
4 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
5 imposed under RCW 84.52.069 that is in excess of thirty cents per
6 thousand dollars of assessed value, shall be reduced on a pro rata
7 basis until the combined rate no longer exceeds one percent of the true
8 and fair value of any property or shall be eliminated; and (c) if the
9 combined rate of regular property tax levies that are subject to the
10 one percent limitation still exceeds one percent of the true and fair
11 value of any property, then the thirty cents per thousand dollars of
12 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced
13 until the combined rate no longer exceeds one percent of the true and
14 fair value of any property or eliminated.

15 (2) The certified rates of tax levy subject to these limitations by
16 all junior taxing districts and cities and towns imposing taxes on such
17 property shall be reduced or eliminated as follows to bring the
18 consolidated levy of taxes on such property within the provisions of
19 these limitations:

20 (a) First, the certified levy of a city or town, to the extent such
21 levy required authorization by the voters under RCW 84.52.043(1)(b),
22 shall be reduced or eliminated;

23 (b) Second, the certified property tax levy rates of those junior
24 taxing districts authorized under RCW 36.68.525, 36.69.145, and
25 67.38.130 shall be reduced on a pro rata basis or eliminated;

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

30 ~~((c) Third))~~ (d) Fourth, if the consolidated tax levy rate still
31 exceeds these limitations, the certified property tax levy rates of all
32 other junior taxing districts, other than fire protection districts,
33 library districts, the first fifty cent per thousand dollars of
34 assessed valuation levies for metropolitan park districts, and the
35 first fifty cent per thousand dollars of assessed valuation levies for
36 public hospital districts, shall be reduced on a pro rata basis or
37 eliminated;

38 ~~((d) Fourth))~~ (e) Fifth, if the consolidated tax levy rate still
39 exceeds these limitations, the certified property tax levy rates

1 authorized to fire protection districts under RCW 52.16.140 and
2 52.16.160 shall be reduced on a pro rata basis or eliminated; and

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

10 In determining whether the aggregate rate of tax levy on any
11 property, that is subject to the limitations set forth in RCW
12 84.52.050, exceeds the limitations provided in that section, the
13 assessor shall use the hypothetical state levy, as apportioned to the
14 county under RCW 84.48.080, that was computed under RCW 84.48.080
15 without regard to the reduction under RCW 84.55.012.

16 **Sec. 3.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
17 as follows:

18 Within and subject to the limitations imposed by RCW 84.52.050 as
19 amended, the regular ad valorem tax levies upon real and personal
20 property by the taxing districts hereafter named shall be as follows:

21 (1)(a) Levies of the senior taxing districts shall be as follows:
22 ~~((a))~~ (i) The levy by the state shall not exceed three dollars and
23 sixty cents per thousand dollars of assessed value adjusted to the
24 state equalized value in accordance with the indicated ratio fixed by
25 the state department of revenue to be used exclusively for the support
26 of the common schools; ~~((b))~~ (ii) the levy by any county shall not
27 exceed one dollar and eighty cents per thousand dollars of assessed
28 value; ~~((c))~~ (iii) the levy by any road district shall not exceed two
29 dollars and twenty-five cents per thousand dollars of assessed value;
30 and ~~((d))~~ (iv) the levy by any city or town shall not exceed three
31 dollars and thirty-seven and one-half cents per thousand dollars of
32 assessed value. However any county is hereby authorized to increase
33 its levy from one dollar and eighty cents to a rate not to exceed two
34 dollars and forty-seven and one-half cents per thousand dollars of
35 assessed value for general county purposes if the total levies for both
36 the county and any road district within the county do not exceed four
37 dollars and five cents per thousand dollars of assessed value, and no

1 other taxing district has its levy reduced as a result of the increased
2 county levy.

3 (b) In addition to levy increases allowed in (a) of this
4 subsection, any city or town is hereby authorized to increase its levy
5 to a rate not to exceed three dollars and eighty-seven and one-half
6 cents per thousand dollars of assessed value, in addition to any levy
7 authorized by RCW 41.16.060(2), for transportation purposes as that
8 term is used in RCW 82.80.070 if approved by a majority of its voters
9 voting at an election held any time within ten years prior to the
10 imposition of the levy, but only to the extent that no other taxing
11 district will have its levy reduced as a result of the increased city
12 or town levy.

13 (2) The aggregate levies of junior taxing districts and senior
14 taxing districts, other than the state, shall not exceed five dollars
15 and ninety cents per thousand dollars of assessed valuation. The term
16 "junior taxing districts" includes all taxing districts other than the
17 state, counties, road districts, cities, towns, port districts, and
18 public utility districts. The limitations provided in this subsection
19 shall not apply to: (a) Levies at the rates provided by existing law
20 by or for any port or public utility district; (b) excess property tax
21 levies authorized in Article VII, section 2 of the state Constitution;
22 (c) levies for acquiring conservation futures as authorized under RCW
23 84.34.230; (d) levies for emergency medical care or emergency medical
24 services imposed under RCW 84.52.069; (e) levies to finance affordable
25 housing for very low-income housing imposed under RCW 84.52.105; and
26 (f) the portions of levies by metropolitan park districts that are
27 protected under RCW 84.52.120.

28 **Sec. 4.** RCW 82.80.020 and 1996 c 139 s 4 are each amended to read
29 as follows:

30 (1) The legislative authority of a county, city, or town may fix
31 and impose an additional fee, not to exceed fifteen dollars per
32 vehicle, for each vehicle that is subject to license fees under RCW
33 46.16.060 and is determined by the department of licensing to be
34 registered within the boundaries of the respective county, city, or
35 town; except that a city or town may only impose the fee to the extent
36 that, on January 1, 1998, the county in which that city or town is
37 located does not have the maximum fee in effect. The county, city, or
38 town fee or increase in the amount of the fee may not take effect if it

1 would cause the combined rate in any city or town to exceed fifteen
2 dollars per vehicle.

3 (2) The department of licensing shall administer and collect the
4 fee. The department shall deduct a percentage amount, as provided by
5 contract, not to exceed two percent of the taxes collected, for
6 administration and collection expenses incurred by it. The remaining
7 proceeds shall be remitted to the custody of the state treasurer for
8 monthly distribution under RCW 82.80.080.

9 (3) The proceeds of this fee shall be used strictly for
10 transportation purposes in accordance with RCW 82.80.070.

11 (4) A county, city, or town imposing this fee or initiating an
12 exemption process shall delay the effective date at least six months
13 from the date the ordinance is enacted to allow the department of
14 licensing to implement administration and collection of or exemption
15 from the fee.

16 (5) The legislative authority of a county, city, or town may
17 develop and initiate an exemption process of the fifteen dollar fee for
18 the registered owners of vehicles residing within the boundaries of the
19 county, city, or town: (a) Who are sixty-one years old or older at the
20 time payment of the fee is due and whose household income for the
21 previous calendar year is less than an amount prescribed by the county,
22 city, or town legislative authority(~~(7)~~); or (b) who has a physical
23 disability.

24 (6) The legislative authority of a county, city, or town shall
25 develop and initiate an exemption process of the fifteen-dollar fee for
26 vehicles registered within the boundaries of the county, city, or town
27 that are licensed under RCW 46.16.374.

28 **Sec. 5.** RCW 82.80.060 and 1991 c 141 s 3 are each amended to read
29 as follows:

30 The city or town electing to own, construct, maintain, operate, and
31 preserve its streets and related facilities as a utility under this
32 chapter may finance the construction, operation, maintenance, and
33 preservation through local improvement districts, utility local
34 improvement districts, or with proceeds from general obligation bonds
35 and revenue bonds payable from the charges issued in accordance with
36 chapter 35.41, 35.92, or 39.46 RCW, or any combination thereof. The
37 city or town may use(~~(7 in addition to the charges authorized by RCW~~
38 ~~82.80.050,7)~~) funds from general taxation, money received from the

1 federal, state, or other local governments, and other funds made
2 available to it. (~~The proceeds of the charges authorized by RCW~~
3 ~~82.80.050 shall be used strictly for transportation purposes in~~
4 ~~accordance with this chapter and RCW 82.80.070.~~)

5 **Sec. 6.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to read
6 as follows:

7 (1) The proceeds collected pursuant to the exercise of the local
8 option authority of RCW 82.80.010, 82.80.020, and 82.80.030(~~, and~~
9 ~~82.80.050—(hereafter))~~ called in this section "local option
10 transportation revenues,"(~~(+)~~) shall be used for transportation
11 purposes only, including but not limited to the following: The
12 operation and preservation of roads, streets, and other transportation
13 improvements; new construction, reconstruction, and expansion of city
14 streets, county roads, and state highways and other transportation
15 improvements; development and implementation of public transportation
16 and high-capacity transit improvements and programs; and planning,
17 design, and acquisition of right of way and sites for such
18 transportation purposes. The proceeds collected from excise taxes on
19 the sale, distribution, or use of motor vehicle fuel and special fuel
20 under RCW 82.80.010 shall be used exclusively for "highway purposes" as
21 that term is construed in Article II, section 40 of the state
22 Constitution.

23 (2) The local option transportation revenues shall be expended for
24 transportation uses consistent with the adopted transportation and land
25 use plans of the jurisdiction expending the funds and consistent with
26 any applicable and adopted regional transportation plan for
27 metropolitan planning areas.

28 (3) Each local government with a population greater than eight
29 thousand that levies or expends local option transportation funds, is
30 also required to develop and adopt a specific transportation program
31 that contains the following elements:

32 (a) The program shall identify the geographic boundaries of the
33 entire area or areas within which local option transportation revenues
34 will be levied and expended.

35 (b) The program shall be based on an adopted transportation plan
36 for the geographic areas covered and shall identify the proposed
37 operation and construction of transportation improvements and services
38 in the designated plan area intended to be funded in whole or in part

1 by local option transportation revenues and shall identify the annual
2 costs applicable to the program.

3 (c) The program shall indicate how the local transportation plan is
4 coordinated with applicable transportation plans for the region and for
5 adjacent jurisdictions.

6 (d) The program shall include at least a six-year funding plan,
7 updated annually, identifying the specific public and private sources
8 and amounts of revenue necessary to fund the program. The program
9 shall include a proposed schedule for construction of projects and
10 expenditure of revenues. The funding plan shall consider the
11 additional local tax revenue estimated to be generated by new
12 development within the plan area if all or a portion of the additional
13 revenue is proposed to be earmarked as future appropriations for
14 transportation improvements in the program.

15 (4) Local governments with a population greater than eight thousand
16 exercising the authority for local option transportation funds shall
17 periodically review and update their transportation program to ensure
18 that it is consistent with applicable local and regional transportation
19 and land use plans and within the means of estimated public and private
20 revenue available.

21 (5) In the case of expenditure for new or expanded transportation
22 facilities, improvements, and services, priorities in the use of local
23 option transportation revenues shall be identified in the
24 transportation program and expenditures shall be made based upon the
25 following criteria, which are stated in descending order of weight to
26 be attributed:

27 (a) First, the project serves a multijurisdictional function;

28 (b) Second, it is necessitated by existing or reasonably
29 foreseeable congestion;

30 (c) Third, it has the greatest person-carrying capacity;

31 (d) Fourth, it is partially funded by other government funds, such
32 as from the state transportation improvement board, or by private
33 sector contributions, such as those from the local transportation act,
34 chapter 39.92 RCW; and

35 (e) Fifth, it meets such other criteria as the local government
36 determines is appropriate.

37 (6) It is the intent of the legislature that as a condition of
38 levying, receiving, and expending local option transportation revenues,
39 no local government agency use the revenues to replace, divert, or loan

1 any revenues currently being used for transportation purposes to
2 nontransportation purposes. The association of Washington cities and
3 the Washington state association of counties, in consultation with the
4 legislative transportation committee, shall study the issue of
5 nondiversion and make recommendations to the legislative transportation
6 committee for language implementing the intent of this section by
7 December 1, 1990.

8 (7) Local governments are encouraged to enter into interlocal
9 agreements to jointly develop and adopt with other local governments
10 the transportation programs required by this section for the purpose of
11 accomplishing regional transportation planning and development.

12 (8) Local governments may use all or a part of the local option
13 transportation revenues for the amortization of local government
14 general obligation and revenue bonds issued for transportation purposes
15 consistent with the requirements of this section.

16 **Sec. 7.** RCW 82.80.080 and 1990 c 42 s 213 are each amended to read
17 as follows:

18 The state treasurer shall distribute revenues, less authorized
19 deductions, generated by the local option taxes authorized in RCW
20 82.80.010 and 82.80.020, levied by counties to the levying counties,
21 and cities contained in those counties, based on the relative per
22 capita population. County population for purposes of this section is
23 equal to one and one-half of the unincorporated population of the
24 county. In calculating the distributions, the state treasurer shall
25 use the population estimates prepared by the state office of financial
26 management and shall further calculate the distribution based on
27 information supplied by the departments of licensing and revenue, as
28 appropriate.

29 The state treasurer shall distribute revenues, less authorized
30 deductions, generated by the local option taxes authorized in RCW
31 82.80.020 levied by counties, cities, and towns to the respective
32 levying cities and towns.

33 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.14 RCW
34 to read as follows:

35 (1) The legislative authority of a city or town may submit an
36 authorizing proposition to its voters, and if approved by a majority of
37 persons voting, fix and impose a sales and use tax in accordance with

1 the terms of this section for the purposes designated in subsection (3)
2 of this section.

3 (2) The tax authorized in this section shall be in addition to any
4 other taxes authorized by law and shall be collected from those persons
5 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
6 the occurrence of any taxable event within the city or town. The rate
7 of tax shall equal one-tenth of one percent of the selling price in the
8 case of a sales tax, or value of the article used in the case of a use
9 tax.

10 (3) Moneys received from any tax imposed under this section shall
11 be used solely for transportation purposes as that term is used in RCW
12 82.80.070.

13 **Sec. 9.** RCW 41.16.060 and 1987 c 319 s 2 are each amended to read
14 as follows:

15 (1) It shall be the duty of the legislative authority of each
16 municipality, each year as a part of its annual tax levy, to levy and
17 place in the fund a tax of twenty-two and one-half cents per thousand
18 dollars of assessed value against all the taxable property of such
19 municipality: PROVIDED, That if a report by a qualified actuary on the
20 condition of the fund establishes that the whole or any part of said
21 dollar rate is not necessary to maintain the actuarial soundness of the
22 fund, the levy of said twenty-two and one-half cents per thousand
23 dollars of assessed value may be omitted, or the whole or any part of
24 said dollar rate may be levied and used for any other municipal
25 purpose.

26 (2) It shall be the duty of the legislative authority of each
27 municipality, each year as a part of its annual tax levy and in
28 addition to the city levy limit set forth in RCW 84.52.043, to levy and
29 place in the fund an additional tax of twenty-two and one-half cents
30 per thousand dollars of assessed value against all taxable property of
31 such municipality: PROVIDED, That if a report by a qualified actuary
32 establishes that all or any part of the additional twenty-two and one-
33 half cents per thousand dollars of assessed value levy is unnecessary
34 to meet the estimated demands on the fund under this chapter for the
35 ensuing budget year, the levy of said additional twenty-two and one-
36 half cents per thousand dollars of assessed value may be omitted, or
37 the whole or any part of such dollar rate may be levied and used for
38 any other municipal purpose: PROVIDED FURTHER, That cities that have

1 annexed to library districts according to RCW 27.12.360 through
2 27.12.395 and/or fire protection districts according to RCW 52.04.061
3 through 52.04.081 shall not levy this additional tax to the extent that
4 it causes the combined levies to exceed the statutory or constitutional
5 limits.

6 (3) The amount of a levy under this section allocated to the
7 pension fund may be reduced in the same proportion as the regular
8 property tax levy of the municipality is reduced by chapter 84.55 RCW.

9 NEW SECTION. **Sec. 10.** RCW 82.80.050 and 1991 c 141 s 2 are each
10 repealed.

11 NEW SECTION. **Sec. 11.** Section 10 of this act does not effect the
12 validity of amounts already imposed under the repealed section, and
13 those amounts may be collected and retained by cities and towns that
14 imposed utility charges under the repealed section.

15 NEW SECTION. **Sec. 12.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

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