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HOUSE BILL 2642

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State of Washington

55th Legislature

1998 Regular Session

By Representatives Fisher, Ogden and Murray; by request of Governor Locke

Read first time 01/16/98. Referred to Committee on Transportation Policy & Budget.

1 AN ACT Relating to transportation funding; amending RCW 36.78.070,  
2 46.68.110, 46.68.130, 47.26.405, 47.26.425, 47.26.4252, 47.26.4254,  
3 47.26.505, 47.30.030, 47.30.050, 47.56.725, 47.56.750, 47.56.771,  
4 47.60.420, 82.36.020, 82.36.025, 82.36.100, 82.38.030, and 82.38.075;  
5 reenacting and amending RCW 46.68.090; adding new sections to chapter  
6 82.36 RCW; adding a new section to chapter 82.38 RCW; repealing RCW  
7 46.68.095, 46.68.100, 46.68.115, 46.68.150, 47.26.060, 47.26.070, and  
8 47.26.410; and providing effective dates.

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

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.36 RCW  
11 to read as follows:

12 The department shall adjust the motor vehicle fuel tax rate on  
13 January 1, 1999, and January 1st of each succeeding year through  
14 January 1, 2003, to an amount derived by multiplying the motor vehicle  
15 fuel tax rate specified in RCW 82.36.025 by the product of the series  
16 of one or more terms formed by adding one to the fiscal growth factor  
17 as defined in RCW 43.135.025 for each year for which the fiscal growth  
18 factor is greater than zero, starting from the fiscal year ending June  
19 30, 1999, through the fiscal year encompassing the implementation of

1 the January 1st adjustment. The department shall calculate and  
2 transmit to the legislature the new motor vehicle fuel tax rate for the  
3 forthcoming calendar year no later than July 1, 1998, for the January  
4 1, 1999, adjustment, and for each subsequent year, eleven months  
5 preceding the January 1st implementation. The tax computed under the  
6 computation prescribed in this section shall be rounded to the nearest  
7 one-tenth of one cent.

8 **Sec. 2.** RCW 36.78.070 and 1993 c 65 s 3 are each amended to read  
9 as follows:

10 The county road administration board shall:

11 (1) Establish by rule, standards of good practice for the  
12 administration of county roads and the efficient movement of people and  
13 goods over county roads;

14 (2) Establish reporting requirements for counties with respect to  
15 the standards of good practice adopted by the board;

16 (3) Receive and review reports from counties and reports from its  
17 executive director to determine compliance with legislative directives  
18 and the standards of good practice adopted by the board;

19 (4) Advise counties on issues relating to county roads and the safe  
20 and efficient movement of people and goods over county roads and assist  
21 counties in developing uniform and efficient transportation-related  
22 information technology resources;

23 (5) Report annually before the fifteenth day of January, and  
24 throughout the year as appropriate, to the state department of  
25 transportation and to the chairs of the legislative transportation  
26 committee and the house and senate transportation committees, and to  
27 other entities as appropriate on the status of county road  
28 administration in each county, including one copy to the staff of each  
29 of the committees. The annual report shall contain recommendations for  
30 improving administration of the county road programs;

31 (6) Administer the rural arterial program established by chapter  
32 36.79 RCW and the program funded by the county arterial preservation  
33 ((program)) account established by RCW ((46.68.095)) 46.68.090, as well  
34 as any other programs provided for in law.

35 **Sec. 3.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are  
36 each reenacted and amended to read as follows:

1 (1) All moneys that have accrued or may accrue to the motor vehicle  
2 fund from the motor vehicle fuel tax and special fuel tax shall be  
3 first expended for the following purposes:

4 (a) For payment of refunds of motor vehicle fuel tax and special  
5 fuel tax that has been paid and is refundable as provided by law;

6 (b) For payment of amounts to be expended pursuant to  
7 appropriations for the administrative expenses of the offices of state  
8 treasurer, state auditor, and the department of licensing of the state  
9 of Washington in the administration of the motor vehicle fuel tax and  
10 the special fuel tax, which sums shall be distributed monthly;

11 ~~(c) ((From April 1, 1992, through March 31, 1996, for distribution  
12 to the transfer relief account, hereby created in the motor vehicle  
13 fund, an amount not to exceed three hundred twenty five one thousandths  
14 of one percent;~~

15 ~~(d) For distribution to the rural arterial trust account in the  
16 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and  
17 46.68.095(3);~~

18 ~~(e) For distribution to the urban arterial trust account in the  
19 motor vehicle fund, an amount as provided in RCW 46.68.100(4) and  
20 82.36.025(3);~~

21 ~~(f) For distribution to the transportation improvement account in  
22 the motor vehicle fund, an amount as provided in RCW 46.68.095(1);~~

23 ~~(g) For distribution to the special category C account, hereby  
24 created in the motor vehicle fund, an amount as provided in RCW  
25 46.68.095(2);~~

26 ~~(h) For distribution to the county arterial preservation account,  
27 hereby created in the motor vehicle fund, an amount as provided in RCW  
28 46.68.095(4);~~

29 ~~(i) For distribution to the motor vehicle fund to be allocated to  
30 cities and towns as provided in RCW 46.68.110, an amount as provided in  
31 RCW 46.68.095(5);~~

32 ~~(j) For distribution to the motor vehicle fund to be allocated to  
33 counties as provided in RCW 46.68.120, an amount as provided in RCW  
34 46.68.095(6);~~

35 ~~(k) For expenditure for highway purposes of the state as defined in  
36 RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and  
37 46.68.095(7);~~

38 ~~(l) From July 1, 1994, through June 30, 1995, for distribution to  
39 the gasohol exemption holding account, hereby created in the motor~~

1 vehicle fund, an amount equal to five and thirty-four one-hundredths of  
2 one percent of the amount available prior to distributions provided  
3 under (a) through (k) of this subsection, to be used only for highway  
4 construction;

5 ~~(m) For distribution to the small city account, hereby created in~~  
6 ~~the motor vehicle fund, an amount as provided for in RCW 46.68.095(1),~~  
7 ~~46.68.100(9), and 82.36.025(3).))~~ For distribution to the special  
8 category C account, hereby created in the motor vehicle fund, an amount  
9 equal to seventy-five one-hundredths of one cent to be expended for  
10 special category C projects. Special category C projects are category  
11 C projects that, due to high cost only, require bond financing to  
12 complete construction.

13 The following criteria, listed in order of priority, must be used  
14 in determining which special category C projects have the highest  
15 priority:

16 (i) Accident experience;

17 (ii) Fatal accident experience;

18 (iii) Capacity to move people and goods safely and at reasonable  
19 speeds without undue congestion; and

20 (iv) Continuity of development of the highway transportation  
21 network.

22 Moneys deposited in the special category C account in the motor  
23 vehicle fund may be used for payment of debt service on bonds the  
24 proceeds of which are used to finance special category C projects under  
25 this subsection (1)(c);

26 (d) For distribution to the Puget Sound ferry operations account in  
27 the motor vehicle fund an amount equal to fifty-four one-hundredths of  
28 one cent;

29 (e) For distribution to the Puget Sound capital construction  
30 account in the motor vehicle fund an amount equal to eighty-eight one-  
31 hundredths of one cent;

32 (f) For distribution to the urban arterial trust account in the  
33 motor vehicle fund an amount equal to one and forty-seven one-  
34 hundredths of one cent;

35 (g) For distribution to the transportation improvement account in  
36 the motor vehicle fund an amount equal to one and thirty-one  
37 one-hundredths of one cent in accordance with RCW 47.26.086;

1 (h) For distribution to the small city account, hereby created in  
2 the motor vehicle fund an amount equal to twenty-seven one-hundredths  
3 of one cent in accordance with RCW 47.26.115;

4 (i) For distribution to the cities and towns from the motor vehicle  
5 fund an amount equal to three and forty-six one-hundredths of one cent  
6 in accordance with RCW 46.68.110;

7 (j) For distribution to the counties from the motor vehicle fund an  
8 amount equal to five and forty-two one-hundredths of one cent: (i) Out  
9 of which there shall be distributed from time to time, as directed by  
10 the department of transportation, those sums as may be necessary to  
11 carry out RCW 47.56.725; and (ii) less any amounts appropriated to the  
12 county road administration board to implement RCW 47.56.725(4), with  
13 the balance of the county share to be distributed monthly as the same  
14 accrues for distribution in accordance with RCW 46.68.120;

15 (k) For distribution to the county arterial preservation account,  
16 hereby created in the motor vehicle fund an amount equal to forty-five  
17 one-hundredths of one cent. These funds shall be distributed by the  
18 county road administration board to counties in proportions  
19 corresponding to the number of paved arterial lane miles in the  
20 unincorporated area of each county and shall be used for improvements  
21 to sustain the structural, safety, and operational integrity of county  
22 arterials. The county road administration board shall adopt reasonable  
23 rules and develop policies to implement this program and to assure that  
24 a pavement management system is used; and

25 (l) For distribution to the rural arterial trust account in the  
26 motor vehicle fund an amount equal to fifty-eight one-hundredths of one  
27 cent in accordance with RCW 36.79.020.

28 (2) The amount accruing to the motor vehicle fund by virtue of the  
29 motor vehicle fuel tax and the special fuel tax and remaining after  
30 payments, distributions, and expenditures as provided in this section  
31 shall(~~(, for the purposes of this chapter, be referred to as the "net~~  
32 ~~tax amount."~~)) be expended for highway purposes of the state as defined  
33 in RCW 46.68.130.

34 Nothing in this section or in RCW 46.68.130 may be construed so as  
35 to violate terms or conditions contained in highway construction bond  
36 issues authorized by statute as of the effective date of this section  
37 and thereafter and whose payment is, by the statute, pledged to be paid  
38 from excise taxes on motor vehicle fuel and special fuels.

1       **Sec. 4.** RCW 46.68.110 and 1996 c 94 s 1 are each amended to read  
2 as follows:

3       Funds credited to the incorporated cities and towns of the state as  
4 set forth in RCW (~~(46.68.100(1))~~) 46.68.090(1)(i) shall be subject to  
5 deduction and distribution as follows:

6       (1) One and one-half percent of such sums shall be deducted monthly  
7 as such sums are credited and set aside for the use of the department  
8 of transportation for the supervision of work and expenditures of such  
9 incorporated cities and towns on the city and town streets thereof,  
10 including the supervision and administration of federal-aid programs  
11 for which the department of transportation has responsibility:  
12 PROVIDED, That any moneys so retained and not expended shall be  
13 credited in the succeeding biennium to the incorporated cities and  
14 towns in proportion to deductions herein made;

15       (2) Thirty-three one-hundredths of one percent of such funds shall  
16 be deducted monthly, as such funds accrue, and set aside for the use of  
17 the department of transportation for the purpose of funding the cities'  
18 share of the costs of highway jurisdiction studies and other studies.  
19 Any funds so retained and not expended shall be credited in the  
20 succeeding biennium to the cities in proportion to the deductions made;

21       (3) One percent of such funds shall be deducted monthly, as such  
22 funds accrue, to be deposited in the city hardship assistance account,  
23 hereby created in the motor vehicle fund, to implement the city  
24 hardship assistance program, as provided in RCW 47.26.164. However,  
25 any moneys so retained and not required to carry out the program as of  
26 (~~July 1, 1996, and~~) July 1st of each odd-numbered year thereafter,  
27 shall be provided within sixty days to the treasurer and distributed in  
28 the manner prescribed in subsection (~~(4)~~) (5) of this section;

29       (4) Thirty-two percent of the fuel tax distributed to the cities  
30 and towns in RCW 46.68.090(1)(i) shall be allocated to the incorporated  
31 cities and towns set forth in subsection (5) of this section, subject  
32 to RCW 35.76.050, to be used exclusively for: The construction,  
33 improvement, chip sealing, seal-coating, and repair for arterial  
34 highways and city streets as those terms are defined in RCW 46.04.030  
35 and 46.04.120; the maintenance of arterial highways and city streets  
36 for those cities with a population of less than fifteen thousand; or  
37 the payment of any municipal indebtedness which may be incurred in the  
38 construction, improvement, chip sealing, seal-coating, and repair of  
39 arterial highways and city streets; and

1       (5) The balance remaining to the credit of incorporated cities and  
2 towns after such deduction shall be apportioned monthly as such funds  
3 accrue among the several cities and towns within the state ratably on  
4 the basis of the population last determined by the office of financial  
5 management.

6       **Sec. 5.** RCW 46.68.130 and 1981 c 342 s 11 are each amended to read  
7 as follows:

8       The ((net tax)) amount distributed to the state in the manner  
9 provided by RCW ((46.68.100)) 46.68.090(2), and all moneys accruing to  
10 the motor vehicle fund from any other source, less such sums as are  
11 properly appropriated and reappropriated for expenditure for costs of  
12 collection and administration thereof, shall be expended, subject to  
13 proper appropriation and reappropriation, solely for highway purposes  
14 of the state, including the purposes of RCW 47.30.030. For the  
15 purposes of this section, the term "highway purposes of the state" does  
16 not include those expenditures of the Washington state patrol  
17 heretofore appropriated or reappropriated from the motor vehicle fund.  
18 Nothing in this section or in RCW 46.68.090 may be construed so as to  
19 violate terms or conditions contained in highway construction bond  
20 issues authorized by statute as of the effective date of this section  
21 or thereafter and whose payment is, by the statute, pledged to be paid  
22 from excise taxes on motor vehicle fuel and special fuels.

23       **Sec. 6.** RCW 47.26.405 and 1977 ex.s. c 317 s 17 are each amended  
24 to read as follows:

25       Any funds required to repay such bonds, or the interest thereon  
26 when due shall be taken from that portion of the motor vehicle fund  
27 which results from the imposition of excise taxes on motor vehicle and  
28 special fuels and which is distributed to the state under the  
29 provisions of RCW ((46.68.100(6) as now or hereafter amended))  
30 46.68.090(2) for construction of state highways in urban areas, and  
31 shall never constitute a charge against any allocations of any other  
32 such funds to the state, counties, cities, and towns unless and until  
33 the amount of the motor vehicle fund arising from the excise taxes on  
34 motor vehicle and special fuels and available to the state for  
35 construction of state highways in urban areas proves insufficient to  
36 meet the requirements for bond retirement or interest on any such  
37 bonds.

1       **Sec. 7.** RCW 47.26.425 and 1994 c 179 s 22 are each amended to read  
2 as follows:

3       Any funds required to repay the first authorization of two hundred  
4 million dollars of bonds authorized by RCW 47.26.420, as amended by  
5 section 18, chapter 317, Laws of 1977 ex. sess. or the interest thereon  
6 when due, shall be taken from that portion of the motor vehicle fund  
7 which results from the imposition of excise taxes on motor vehicle and  
8 special fuels and which is distributed to the urban arterial trust  
9 account in the motor vehicle fund and the certain sums received by the  
10 small city account in the motor vehicle fund imposed by RCW  
11 (~~((82.36.025(3) and 46.68.100(9))~~) 46.68.090(1) (f) and (h), and shall  
12 never constitute a charge against any allocations of any other such  
13 funds in the motor vehicle fund to the state, counties, cities, and  
14 towns unless and until the amount of the motor vehicle fund arising  
15 from the excise tax on motor vehicle and special fuels and distributed  
16 to the urban arterial trust account and the small city account proves  
17 insufficient to meet the requirements for bond retirement or interest  
18 on any such bonds.

19       **Sec. 8.** RCW 47.26.4252 and 1995 c 274 s 12 are each amended to  
20 read as follows:

21       Any funds required to repay the authorization of series II bonds  
22 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws  
23 of 1979, or the interest thereon when due, shall first be taken from  
24 that portion of the motor vehicle fund which results from the  
25 imposition of excise taxes on motor vehicle and special fuels imposed  
26 by chapters 82.36 and 82.38 RCW and which is distributed to the urban  
27 arterial trust account in the motor vehicle fund and the certain sums  
28 received by the small city account in the motor vehicle fund imposed by  
29 RCW (~~((82.36.025(3) and 46.68.100(9))~~) 46.68.090(1) (f) and (h),  
30 subject, however, to the prior lien of the first authorization of bonds  
31 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws  
32 of 1979. If the moneys distributed to the urban arterial trust account  
33 and the small city account shall ever be insufficient to repay the  
34 first authorization bonds together with interest thereon, and the  
35 series II bonds or the interest thereon when due, the amount required  
36 to make such payments on such bonds or interest thereon shall next be  
37 taken from that portion of the motor vehicle fund which results from  
38 the imposition of excise taxes on motor vehicle and special fuels and



1 which is distributed to the state, counties, cities, and towns pursuant  
2 to RCW (~~((46.68.100 as now existing or hereafter amended))~~) 46.68.090.  
3 Any payments on such bonds or interest thereon taken from motor vehicle  
4 or special fuel tax revenues which are distributable to the state,  
5 counties, cities, and towns, shall be repaid from the first moneys  
6 distributed to the urban arterial trust account not required for  
7 redemption of the first authorization bonds or series II and series III  
8 bonds or interest on those bond issues.

9       **Sec. 9.** RCW 47.26.4254 and 1995 c 274 s 13 are each amended to  
10 read as follows:

11       (1) Any funds required to repay series III bonds authorized by RCW  
12 47.26.420, or the interest thereon, when due shall first be taken from  
13 that portion of the motor vehicle fund that results from the imposition  
14 of excise taxes on motor vehicle and special fuels imposed by chapters  
15 82.36 and 82.38 RCW and that is distributed to the urban arterial trust  
16 account in the motor vehicle fund and the certain sums received by the  
17 small city account in the motor vehicle fund imposed by RCW  
18 (~~((82.36.025(3) and 46.68.100(9))~~) 46.68.090(1) (f) and (h), subject,  
19 however, to the prior lien of the first authorization of bonds  
20 authorized by RCW 47.26.420. If the moneys so distributed to the urban  
21 arterial trust account and the small city account, after first being  
22 applied to administrative expenses of the transportation improvement  
23 board and to the requirements of bond retirement and payment of  
24 interest on first authorization bonds and series II bonds as provided  
25 in RCW 47.26.425 and 47.26.4252, are insufficient to meet the  
26 requirements for bond retirement or interest on any series III bonds,  
27 the amount required to make such payments on series III bonds or  
28 interest thereon shall next be taken from that portion of the motor  
29 vehicle fund that results from the imposition of excise taxes on motor  
30 vehicle and special fuels and that is distributed to the state,  
31 counties, cities, and towns pursuant to RCW (~~((46.68.100))~~) 46.68.090,  
32 subject, however, to subsection (2) of this section.

33       (2) To the extent that moneys so distributed to the urban arterial  
34 trust account and the small city account are insufficient to meet the  
35 requirements for bond retirement or interest on any series III bonds,  
36 sixty percent of the amount required to make such payments when due  
37 shall first be taken from that portion of the motor vehicle fund that  
38 results from the imposition of excise taxes on motor vehicle and

1 special fuels and that is distributed to the state. The remaining  
2 forty percent shall first be taken from that portion of the motor  
3 vehicle fund that results from the imposition of excise taxes on motor  
4 vehicle and special fuels and that is distributed to the cities and  
5 towns pursuant to RCW (~~(46.68.100(1))~~) 46.68.090(1)(i) and to the  
6 counties pursuant to RCW (~~(46.68.100(3).—Of the counties', cities',~~  
7 ~~and towns' share of any additional amounts required in the fiscal year~~  
8 ~~ending June 30, 1984, fifteen percent shall be taken from the counties'~~  
9 ~~distributive share and eighty five percent from the cities' and towns'~~  
10 ~~distributive share))~~ 46.68.090(1)(j). Of the counties', cities', and  
11 towns' share of any additional amounts required in each fiscal year  
12 (~~(thereafter)~~), the percentage thereof to be taken from the counties'  
13 distributive share and from the cities' and towns' distributive share  
14 shall correspond to the percentage of funds authorized for specific  
15 county projects and for specific city and town projects, respectively,  
16 from the proceeds of series III bonds, for the period through the first  
17 eleven months of the prior fiscal year as determined by the chairman of  
18 the transportation improvement board and reported to the state finance  
19 committee and the state treasurer not later than the first working day  
20 of June.

21 (3) Any payments on such bonds or interest thereon taken from motor  
22 vehicle or special fuel tax revenues that are distributable to the  
23 state, counties, cities, and towns shall be repaid from the first  
24 moneys distributed to the urban arterial trust account and the small  
25 city account not required for redemption of the first authorization  
26 bonds, series II bonds, or series III bonds or interest on these bonds.

27 **Sec. 10.** RCW 47.26.505 and 1994 c 179 s 29 are each amended to  
28 read as follows:

29 Any funds required to repay such bonds, or the interest thereon  
30 when due, shall be taken from that portion of the motor vehicle fund  
31 which results from the imposition of excise taxes on motor vehicle and  
32 special fuels and which is distributed to the transportation  
33 improvement account in the motor vehicle fund and the sums received by  
34 the small city account in the motor vehicle fund under RCW  
35 (~~(46.68.095)~~) 46.68.090, and shall never constitute a charge against  
36 any allocations of any other such funds in the motor vehicle fund to  
37 the state, counties, cities, and towns unless and until the amount of  
38 the motor vehicle fund arising from the excise tax on motor vehicle and

1 special fuels and distributed to the transportation improvement account  
2 proves insufficient to meet the requirements for bond retirement or  
3 interest on any such bonds.

4 **Sec. 11.** RCW 47.30.030 and 1979 ex.s. c 121 s 1 are each amended  
5 to read as follows:

6 Where an existing highway severs, or where the right of way of an  
7 existing highway accommodates a trail for pedestrians, equestrians, or  
8 bicyclists or where the separation of motor vehicle traffic from  
9 pedestrians, equestrians, or bicyclists will materially increase the  
10 motor vehicle safety, the provision of facilities for pedestrians,  
11 equestrians, or bicyclists which are a part of a comprehensive trail  
12 plan adopted by federal, state, or local governmental authority having  
13 jurisdiction over the trail is hereby authorized. The department of  
14 transportation, or the county or city having jurisdiction over the  
15 highway, road, or street, or facility is further authorized to expend  
16 reasonable amounts out of the funds made available to them, according  
17 to the provisions of RCW (~~(46.68.100)~~) 46.68.090, as necessary for the  
18 planning, accommodation, establishment, and maintenance of such  
19 facilities.

20 **Sec. 12.** RCW 47.30.050 and 1979 ex.s. c 121 s 2 are each amended  
21 to read as follows:

22 (1) The amount expended by a city, town, or county as authorized by  
23 RCW 47.30.030(~~(, as now or hereafter amended,)~~) shall never in any one  
24 fiscal year be less than (~~(one-half)~~) four-tenths of one percent of the  
25 total amount of funds received from the motor vehicle fund according to  
26 (~~(the provisions of)~~) RCW (~~(46.68.100:—PROVIDED, That)~~) 46.68.090.  
27 However, this section does not apply to a city or town in any year in  
28 which the (~~(one-half)~~) four-tenths of one percent equals five hundred  
29 dollars or less, or to a county in any year in which the (~~(one-half)~~)  
30 four-tenths of one percent equals three thousand dollars or less(~~(÷~~  
31 ~~PROVIDED FURTHER, That)~~). Also, a city, town, or county in lieu of  
32 expending the funds each year may credit the funds to a financial  
33 reserve or special fund, to be held for not more than ten years, and to  
34 be expended for the purposes required or permitted by RCW 47.30.030.  
35 (2) In each fiscal year the department of transportation shall  
36 expend, as a minimum, for the purposes mentioned in RCW 47.30.030(~~(, as~~  
37 ~~now or hereafter amended,)~~) a sum equal to three-tenths of one percent

1 of all funds, both state and federal, expended for the construction of  
2 state highways in such year, or in order to more efficiently program  
3 trail improvements the department may defer any part of such minimum  
4 trail or path expenditures for a fiscal year for a period not to exceed  
5 four years after the end of such fiscal year. Any fiscal year in which  
6 the department expends for trail or path purposes more than the minimum  
7 sum required by this subsection, the amount of such excess expenditure  
8 shall constitute a credit which may be carried forward and applied to  
9 the minimum trail and path expenditure requirements for any of the  
10 ensuing four fiscal years.

11 (3) The department of transportation, a city, or a county in  
12 computing the amount expended for trails or paths under their  
13 respective jurisdictions may include the cost of improvements  
14 consistent with a comprehensive plan or master plan for bicycle trails  
15 or paths adopted by a state or local governmental authority either  
16 prior to such construction or prior to January 1, 1980.

17 **Sec. 13.** RCW 47.56.725 and 1991 c 310 s 1 are each amended to read  
18 as follows:

19 (1) The department is hereby authorized to enter into a continuing  
20 agreement with Pierce, Skagit, and Whatcom counties pursuant to which  
21 the department shall, from time to time, direct the distribution to  
22 each of the counties the amounts authorized in subsection (2) of this  
23 section in accordance with RCW (~~46.68.100~~) 46.68.090.

24 (2) The department is authorized to include in each agreement a  
25 provision for the distribution of funds to each county to reimburse the  
26 county for fifty percent of the deficit incurred during each previous  
27 fiscal year in the operation and maintenance of the ferry system owned  
28 and operated by the county. The total amount to be reimbursed to  
29 Pierce, Skagit, and Whatcom counties collectively shall not exceed one  
30 million dollars in any biennium. Each county agreement shall contain  
31 a requirement that the county shall maintain tolls on its ferries at  
32 least equal to tolls in place on January 1, 1990.

33 (3) The annual fiscal year operating and maintenance deficit, if  
34 any, shall be determined by Pierce, Skagit, and Whatcom counties  
35 subject to review and approval of the department. The annual fiscal  
36 year operating and maintenance deficit is defined as the total of  
37 operations and maintenance expenditures less the sum of ferry toll  
38 revenues and that portion of fuel tax revenue distributions which are

1 attributable to the county ferry as determined by the department.  
2 Distribution of the amounts authorized by subsection (2) of this  
3 section by the state treasurer shall be directed by the department upon  
4 the receipt of properly executed vouchers from each county.

5 (4) The county road administration board may evaluate requests by  
6 Pierce, Skagit, Wahkiakum, and Whatcom counties for county ferry  
7 capital improvement funds. The board shall evaluate the requests and,  
8 if approved by a majority of the board, submit the requests to the  
9 legislature for funding out of the amounts available under RCW  
10 (~~46.68.100(3)~~) 46.68.090(1)(j). Any county making a request under  
11 this subsection shall first seek funding through the public works trust  
12 fund, or any other available revenue source, where appropriate.

13 **Sec. 14.** RCW 47.56.750 and 1995 c 274 s 16 are each amended to  
14 read as follows:

15 There is hereby created in the highway bond retirement fund in the  
16 state treasury a special account to be known as the Columbia river toll  
17 bridge account into which shall be deposited any capitalized interest  
18 from the proceeds of the bonds, and at least monthly all of the tolls  
19 and other revenues received from the operation of the toll bridge and  
20 from any interest which may be earned from the deposit or investment of  
21 these revenues after the payment of costs of operation, maintenance,  
22 management, and necessary repairs of the facility. The principal of  
23 and interest on the bonds shall be paid first from money deposited in  
24 the Columbia river toll bridge account in the highway bond retirement  
25 fund, and then, to the extent that money deposited in that account is  
26 insufficient to make any such payment when due, from the state excise  
27 taxes on motor vehicle and special fuels deposited in the highway bond  
28 retirement fund. There is hereby pledged the proceeds of state excise  
29 taxes on motor vehicle and special fuels imposed under chapters 82.36  
30 and 82.38 RCW to pay the bonds and interest thereon, and the  
31 legislature hereby agrees to continue to impose the same excise taxes  
32 on motor vehicle and special fuels in amounts sufficient to pay, when  
33 due, the principal and interest on the bonds if the money deposited in  
34 the Columbia river toll bridge account of the highway bond retirement  
35 fund is insufficient to make such payments. Not less than fifteen days  
36 prior to the date any interest or principal and interest payments are  
37 due, the state finance committee shall certify to the state treasurer  
38 such amount of additional moneys as may be required for debt service,

1 and the treasurer shall thereupon transfer from the motor vehicle fund  
2 such amount from the proceeds of such excise taxes into the highway  
3 bond retirement fund. Any proceeds of such excise taxes required for  
4 these purposes shall first be taken from that portion of the motor  
5 vehicle fund which results from the imposition of the excise taxes on  
6 motor vehicle and special fuels and which is distributed to the state.  
7 If the proceeds from the excise taxes distributed to the state are ever  
8 insufficient to meet the required payments on principal or interest on  
9 the bonds when due, the amount required to make the payments on the  
10 principal or interest shall next be taken from that portion of the  
11 motor vehicle fund which results from the imposition of excise taxes on  
12 motor vehicle and special fuels and which is distributed to the state,  
13 counties, cities, and towns pursuant to RCW (~~46.68.100 as now existing~~  
14 ~~or hereafter amended~~) 46.68.090. Any payments of the principal or  
15 interest taken from the motor vehicle or special fuel tax revenues  
16 which are distributable to the counties, cities, and towns shall be  
17 repaid from the first moneys distributed to the state not required for  
18 redemption of the bonds or interest thereon. The legislature covenants  
19 and pledges that it shall at all times provide sufficient revenues from  
20 the imposition of such excise taxes to pay the principal and interest  
21 due on the bonds.

22 **Sec. 15.** RCW 47.56.771 and 1995 c 274 s 17 are each amended to  
23 read as follows:

24 (1) The refunding bonds authorized under RCW 47.56.770 shall be  
25 general obligation bonds of the state of Washington and shall be issued  
26 in a total principal amount not to exceed fifteen million dollars. The  
27 exact amount of refunding bonds to be issued shall be determined by the  
28 state finance committee after calculating the amount of money deposited  
29 with the trustee for the bonds to be refunded which can be used to  
30 redeem or defease outstanding toll bridge authority, ferry, and Hood  
31 Canal bridge revenue bonds after the setting aside of sufficient money  
32 from that fund to pay the first interest installment on the refunding  
33 bonds. The refunding bonds shall be serial in form maturing at such  
34 time, in such amounts, having such denomination or denominations,  
35 redemption privileges, and having such terms and conditions as  
36 determined by the state finance committee. The last maturity date of  
37 the refunding bonds shall not be later than January 1, 2002.

1 (2) The refunding bonds shall be signed by the governor and the  
2 state treasurer under the seal of the state, which signatures shall be  
3 made manually or in printed facsimile. The bonds shall be registered  
4 in the name of the owner in accordance with chapter 39.46 RCW. The  
5 refunding bonds shall distinctly state that they are a general  
6 obligation of the state of Washington, shall pledge the full faith and  
7 credit of the state, and shall contain an unconditional promise to pay  
8 the principal thereof and the interest thereon when due. The refunding  
9 bonds shall be fully negotiable instruments.

10 (3) The principal and interest on the refunding bonds shall be  
11 first payable in the manner provided in this section from the proceeds  
12 of state excise taxes on motor vehicle and special fuels imposed by  
13 chapters 82.36 and 82.38 RCW.

14 (4) The principal of and interest on the refunding bonds shall be  
15 paid first from the state excise taxes on motor vehicle and special  
16 fuels deposited in the ferry bond retirement fund. There is hereby  
17 pledged the proceeds of state excise taxes on motor vehicle and special  
18 fuels imposed under chapters 82.36 and 82.38 RCW to pay the refunding  
19 bonds and interest thereon, and the legislature hereby agrees to  
20 continue to impose the same excise taxes on motor vehicle and special  
21 fuels in amounts sufficient to pay, when due, the principal and  
22 interest on the refunding bonds. Not less than fifteen days prior to  
23 the date any interest or principal and interest payments are due, the  
24 state finance committee shall certify to the state treasurer such  
25 amount of additional money as may be required for debt service, and the  
26 treasurer shall thereupon transfer from the motor vehicle fund such  
27 amount from the proceeds of such excise taxes into the ferry bond  
28 retirement fund. Any proceeds of such excise taxes required for these  
29 purposes shall first be taken from that portion of the motor vehicle  
30 fund which results from the imposition of the excise taxes on motor  
31 vehicle and special fuels and which is distributed to the Puget Sound  
32 capital construction account. If the proceeds from excise taxes  
33 distributed to the state are ever insufficient to meet the required  
34 payments on principal or interest on the refunding bonds when due, the  
35 amount required to make the payments on the principal or interest shall  
36 next be taken from that portion of the motor vehicle fund which results  
37 from the imposition of excise taxes on motor vehicle and special fuels  
38 and which is distributed to the state, counties, cities, and towns  
39 pursuant to RCW (~~(46.68.100 as now existing or hereafter amended)~~)

1 46.68.090. Any payments of the principal or interest taken from the  
2 motor vehicle or special fuel tax revenues which are distributable to  
3 the counties, cities, and towns shall be repaid from the first money  
4 distributed to the state not required for redemption of the refunding  
5 bonds or interest thereon. The legislature covenants that it shall at  
6 all times provide sufficient revenues from the imposition of such  
7 excise taxes to pay the principal and interest due on the refunding  
8 bonds.

9 **Sec. 16.** RCW 47.60.420 and 1990 c 42 s 407 are each amended to  
10 read as follows:

11 To the extent that all revenues from the Washington state ferry  
12 system available therefor are insufficient to provide for the payment  
13 of principal and interest on the bonds authorized and issued under RCW  
14 47.60.400 through 47.60.470 and for sinking fund requirements  
15 established with respect thereto and for payment into such reserves as  
16 the department has established with respect to the securing of the  
17 bonds, there is imposed a first and prior charge against the Puget  
18 Sound capital construction account of the motor vehicle fund created by  
19 RCW 47.60.505 and, to the extent required, against all revenues  
20 required by RCW ((~~46.68.100~~)) 46.68.090 to be deposited in the Puget  
21 Sound capital construction account.

22 To the extent that the revenues from the Washington state ferry  
23 system available therefor are insufficient to meet required payments of  
24 principal and interest on bonds, sinking fund requirements, and  
25 payments into reserves, the department shall use moneys in the Puget  
26 Sound capital construction account for such purpose.

27 **Sec. 17.** RCW 82.36.020 and 1983 1st ex.s. c 49 s 26 are each  
28 amended to read as follows:

29 Every distributor shall pay, in addition to any other taxes  
30 provided by law, an excise tax to the director at a rate computed in  
31 the manner provided in RCW 82.36.025 and section 1 of this act for each  
32 gallon of motor vehicle fuel sold, distributed, or used by him in the  
33 state as well as on each gallon upon which he has assumed liability for  
34 payment of the tax under the provisions of RCW 82.36.100: PROVIDED,  
35 That under such regulations as the director may prescribe sales or  
36 distribution of motor vehicle fuel may be made by one licensed  
37 distributor to another licensed distributor free of the tax. In the



1 computation of the tax, one-quarter of one percent of the net gallonage  
2 otherwise taxable shall be deducted by the distributor before computing  
3 the tax due, on account of the losses sustained through handling. The  
4 tax imposed hereunder shall be in addition to any other tax required by  
5 law, and shall not be imposed under circumstances in which the tax is  
6 prohibited by the Constitution or laws of the United States. The tax  
7 herein imposed shall be collected and paid to the state but once in  
8 respect to any motor vehicle fuel. An invoice shall be rendered by a  
9 distributor to a purchaser for each distribution of motor vehicle fuel.

10 The proceeds of the motor vehicle fuel excise tax collected on the  
11 net gallonage after the deduction provided for herein and after the  
12 deductions for payments and expenditures as provided in RCW 46.68.090,  
13 shall be distributed as provided in RCW ~~((46.68.100))~~ 46.68.090.

14 **Sec. 18.** RCW 82.36.025 and 1994 c 179 s 30 are each amended to  
15 read as follows:

16 ~~((The motor vehicle fuel tax rate shall be computed as the sum of  
17 the tax rate provided in subsection (1) of this section and the  
18 additional tax rates provided in subsections (2) through (5) of this  
19 section.~~

20 ~~(1))~~ A motor vehicle fuel tax rate of ~~((seventeen))~~ twenty-eight  
21 cents per gallon shall apply to the sale, distribution, or use of motor  
22 vehicle fuel.

23 ~~((2) An additional motor vehicle fuel tax rate of one third cent  
24 per gallon shall apply to the sale, distribution, or use of motor  
25 vehicle fuel, and the proceeds from this additional tax rate, reduced  
26 by an amount equal to the sum of the payments under RCW 46.68.090(1)  
27 (a), (b), and (c) multiplied by the additional tax rate prescribed by  
28 this subsection divided by the motor vehicle fuel tax rate provided in  
29 this section, shall be deposited in the rural arterial trust account in  
30 the motor vehicle fund for expenditures under RCW 36.79.020.~~

31 ~~(3) An additional motor vehicle fuel tax rate of one third cent per  
32 gallon shall apply to the sale, distribution, or use of motor vehicle  
33 fuel, and the proceeds from this additional tax rate, reduced by an  
34 amount equal to the sum of the payments under RCW 46.68.090(1) (a),  
35 (b), and (c) multiplied by the additional tax rate prescribed by this  
36 subsection divided by the motor vehicle fuel tax rate provided in this  
37 section, shall be deposited in the urban arterial trust account in the  
38 motor vehicle fund. After June 30, 1995, ninety five percent of this~~

1 revenue shall be deposited in the urban arterial trust account in the  
2 motor vehicle fund and five percent shall be deposited in the small  
3 city account in the motor vehicle fund.

4 (4) An additional motor vehicle fuel tax rate of one third cent per  
5 gallon shall be applied to the sale, distribution, or use of motor  
6 vehicle fuel, and the proceeds from this additional tax rate, reduced  
7 by an amount equal to the sum of the payments under RCW 46.68.090(1)  
8 (a), (b), and (c) multiplied by the additional tax rate prescribed by  
9 this subsection divided by the motor vehicle fuel tax rate provided in  
10 this section, shall be deposited in the motor vehicle fund to be  
11 expended for highway purposes of the state as defined in RCW 46.68.130.

12 (5) An additional motor vehicle fuel tax rate of four cents per  
13 gallon from April 1, 1990, through March 31, 1991, and five cents per  
14 gallon from April 1, 1991, applies to the sale, distribution, or use of  
15 motor vehicle fuel. The proceeds from the additional tax rate under  
16 this subsection, reduced by an amount equal to the sum of the payments  
17 under RCW 46.68.090(1) (a), (b), and (c) multiplied by the additional  
18 tax rate prescribed by this subsection divided by the motor fuel tax  
19 rate provided in this section, shall be deposited in the motor vehicle  
20 fund and shall be distributed by the state treasurer according to RCW  
21 46.68.095.)

22 **Sec. 19.** RCW 82.36.100 and 1983 1st ex.s. c 49 s 28 are each  
23 amended to read as follows:

24 Every person other than a distributor who acquires any motor  
25 vehicle fuel within this state upon which payment of tax is required  
26 under the provisions of this chapter, or imports such motor vehicle  
27 fuel into this state and sells, distributes, or in any manner uses it  
28 in this state shall, if the tax has not been paid, apply for a license  
29 to carry on such activities, file bond, make reports, comply with all  
30 regulations the director may prescribe in respect thereto, and pay an  
31 excise tax at the rate computed in the manner provided in RCW 82.36.025  
32 and section 1 of this act for each gallon thereof so sold, distributed,  
33 or used during the fiscal year for which such rate is applicable in the  
34 manner provided for distributors, and the director shall issue a  
35 license to such person in the manner provided for issuance of licenses  
36 to distributors. The proceeds of the tax imposed by this section shall  
37 be distributed in the manner provided for the distribution of the motor  
38 vehicle fuel excise tax in RCW 82.36.020. However, a distributor

1 licensed under this chapter may deliver motor vehicle fuel to an  
2 importer in individual quantities of five hundred gallons or less and  
3 assume the liability for payment of the tax to this state. Under such  
4 conditions, the importer is exempt from the requirements of this  
5 section. For failure to comply with this chapter such person is  
6 subject to the same penalties imposed upon distributors. The director  
7 shall pursue against such persons the same procedure and remedies for  
8 audits, adjustments, collection, and enforcement of this chapter as is  
9 provided with respect to distributors. Nothing in this section may be  
10 construed as classifying such persons as distributors.

11 NEW SECTION. **Sec. 20.** A new section is added to chapter 82.36 RCW  
12 to read as follows:

13 It is intended that the ultimate incidence of and burden for the  
14 tax imposed under this chapter be upon the consumer, regardless of the  
15 manner in which collection of the tax is provided for in this chapter.  
16 However, this section shall not apply to agreements between the  
17 department and federally recognized Indian tribes entered into under  
18 RCW 82.36.450, nor shall it apply to the consent decrees entered in  
19 confederated tribes of the Colville Reservation v. Washington  
20 Department of Licensing, No. CS-92-248-JLQ (E.D. Wash.) and Teo v.  
21 Steffenson, No. CY-93-3050-AAM (E.D. Wash.).

22 **Sec. 21.** RCW 82.38.030 and 1996 c 104 s 7 are each amended to read  
23 as follows:

24 (1) There is hereby levied and imposed upon special fuel users a  
25 tax at the rate computed in the manner provided in RCW 82.36.025 and  
26 section 1 of this act per gallon or each one hundred cubic feet of  
27 compressed natural gas measured at standard pressure and temperature on  
28 the use of special fuel in any motor vehicle operated upon the highways  
29 of this state during the fiscal year for which such rate is applicable.

30 (2) The tax shall be collected by the special fuel dealer and shall  
31 be paid over to the department as hereinafter provided: (a) With  
32 respect to all special fuel delivered by a special fuel dealer into  
33 supply tanks of motor vehicles or into storage facilities used for the  
34 fueling of motor vehicles at unbonded service stations in this state;  
35 or (b) in all other transactions where the purchaser is not the holder  
36 of a valid special fuel license issued pursuant to this chapter  
37 allowing the purchase of untaxed special fuel, except sales of special

1 fuel for export. To claim an exemption on account of sales by a  
2 licensed special fuel dealer for export, the purchaser shall obtain  
3 from the selling special fuel dealer, and such selling special fuel  
4 dealer must furnish the purchaser, an invoice giving such details of  
5 the sale for export as the director may require, copies of which shall  
6 be furnished the department and the entity of the state or foreign  
7 jurisdiction of destination which is charged by the laws of that state  
8 or foreign jurisdiction with the control or monitoring or both, of the  
9 sales or movement of special fuel in that state or foreign  
10 jurisdiction.

11 (3) The tax shall be paid over to the department by the special  
12 fuel user as hereinafter provided with respect to the taxable use of  
13 special fuel upon which the tax has not previously been imposed.

14 It is expressly provided that delivery of special fuel may be made  
15 without collecting the tax otherwise imposed, when such deliveries are  
16 made by a bonded special fuel dealer to special fuel users who are  
17 authorized by the department as hereinafter provided, to purchase fuel  
18 without payment of tax to the bonded special fuel dealer.

19 (4) The tax required by this chapter, to be collected by the  
20 seller, is held in trust by the seller until paid to the department,  
21 and a seller who appropriates or converts the tax collected to his or  
22 her own use or to any use other than the payment of the tax to the  
23 extent that the money required to be collected is not available for  
24 payment on the due date as prescribed in this chapter is guilty of a  
25 felony, or gross misdemeanor in accordance with the theft and  
26 anticipatory provisions of Title 9A RCW. A person, partnership,  
27 corporation, or corporate officer who fails to collect the tax imposed  
28 by this section, or who has collected the tax and fails to pay it to  
29 the department in the manner prescribed by this chapter, is personally  
30 liable to the state for the amount of the tax.

31 **Sec. 22.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to read  
32 as follows:

33 In order to encourage the use of nonpolluting fuels, an annual  
34 license fee in lieu of the tax imposed by RCW 82.38.030 shall be  
35 imposed upon the use of natural gas as defined in this chapter or on  
36 liquified petroleum gas, commonly called propane, which is used in any  
37 motor vehicle, as defined in RCW 46.04.320, which shall be based upon  
38 the following schedule as adjusted by the formula set out below:

1	VEHICLE TONNAGE (GVW)	FEE
2	0 - 6,000	\$ 45
3	6,001 - 10,000	\$ 45
4	10,001 - 18,000	\$ 80
5	18,001 - 28,000	\$110
6	28,001 - 36,000	\$150
7	36,001 and above	\$250

8 To determine the actual annual license fee imposed by this section  
9 for a registration year, the appropriate dollar amount set out in the  
10 above schedule shall be multiplied by the motor vehicle fuel tax rate  
11 in cents per gallon as established by RCW 82.36.025 and section 1 of  
12 this act effective on July 1st of the preceding calendar year and the  
13 product thereof shall be divided by 12 cents.

14 The department of licensing, in addition to the foregoing fee,  
15 shall charge a further fee of five dollars as a handling charge for  
16 each license issued.

17 The director of licensing shall be authorized to prorate the  
18 vehicle tonnage fee so that the annual license required by this section  
19 will correspond with the staggered vehicle licensing system.

20 A decal or other identifying device issued upon payment of these  
21 annual fees shall be displayed as prescribed by the department as  
22 authority to purchase this fuel.

23 Persons selling or dispensing natural gas or propane may not sell  
24 or dispense this fuel for their own use or the use of others into tanks  
25 of vehicles powered by this fuel which do not display a valid decal or  
26 other identifying device as provided in this section.

27 Vehicles registered in jurisdictions outside the state of  
28 Washington are exempt from this section.

29 Any person selling or dispensing natural gas or propane into the  
30 tank of a motor vehicle powered by this fuel, except as prescribed in  
31 this chapter, is subject to the penalty provisions of this chapter.

32 NEW SECTION. Sec. 23. A new section is added to chapter 82.38 RCW  
33 to read as follows:

34 It is intended that the ultimate incidence of and burden for the  
35 tax imposed under this chapter be upon the consumer, regardless of the  
36 manner in which collection of the tax is provided for in this chapter.  
37 However, this section shall not apply to agreements between the  
38 department and federally recognized Indian tribes entered into under

1 RCW 82.38.310, nor shall it apply to the consent decrees entered in  
2 confederated tribes of the Colville Reservation v. Washington  
3 Department of Licensing, No. CS-92-248-JLQ (E.D. Wash.) and Teo v.  
4 Steffenson, No. CY-93-3050-AAM (E.D. Wash.).

5 NEW SECTION. **Sec. 24.** The following acts or parts of acts are  
6 each repealed:

7 (1) RCW 46.68.095 and 1994 c 179 s 4 & 1990 c 42 s 103;

8 (2) RCW 46.68.100 and 1994 c 179 s 5, 1991 c 310 s 2, 1986 c 66 s  
9 1, 1984 c 7 s 73, 1977 ex.s. c 317 s 9, 1977 c 51 s 1, 1975-'76 2nd  
10 ex.s. c 57 s 1, 1973 1st ex.s. c 124 s 1, 1972 ex.s. c 24 s 2, 1970  
11 ex.s. c 85 s 4, 1967 ex.s. c 145 s 79, 1967 ex.s. c 83 s 8, 1961 ex.s.  
12 c 7 s 6, & 1961 c 12 s 46.68.100;

13 (3) RCW 46.68.115 and 1987 c 234 s 1, 1983 c 43 s 1, & 1977 ex.s.  
14 c 317 s 10;

15 (4) RCW 46.68.150 and 1984 c 7 s 74, 1977 ex.s. c 317 s 11, & 1967  
16 ex.s. c 83 s 9;

17 (5) RCW 47.26.060 and 1981 c 315 s 1 & 1967 ex.s. c 83 s 12;

18 (6) RCW 47.26.070 and 1984 c 7 s 154 & 1967 ex.s. c 83 s 13; and

19 (7) RCW 47.26.410 and 1984 c 7 s 162 & 1967 ex.s. c 83 s 44.

20 NEW SECTION. **Sec. 25.** This act takes effect September 1, 1998,  
21 except for sections 1 and 17 through 23 of this act which take effect  
22 July 1, 1998.

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