
SUBSTITUTE SENATE BILL 5480

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Wood, Haugen, Horn, Prentice, Sellar, Oke and Winsley)

Read first time 02/28/97.

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 certified levy of a city or town, to the extent such levy required
37 authorization by the voters under RCW 84.52.043(1)(b), shall be reduced
38 until the combined rate no longer exceeds one percent of the true and

1 fair value of any property or shall be eliminated; (b) if the combined
2 rate of regular property tax levies that are subject to the one percent
3 limitation still exceeds one percent of the true and fair value of any
4 property, then the portion of the levy by a metropolitan park district
5 that is protected under RCW 84.52.120 shall be reduced until the
6 combined rate no longer exceeds one percent of the true and fair value
7 of any property or shall be eliminated; (~~(b)~~) (c) if the combined
8 rate of regular property tax levies that are subject to the one percent
9 limitation still exceeds one percent of the true and fair value of any
10 property, then the levies imposed under RCW 84.34.230, 84.52.105, and
11 any portion of the levy imposed under RCW 84.52.069 that is in excess
12 of thirty cents per thousand dollars of assessed value, shall be
13 reduced on a pro rata basis until the combined rate no longer exceeds
14 one percent of the true and fair value of any property or shall be
15 eliminated; and (~~(e)~~) (d) if the combined rate of regular property
16 tax levies that are subject to the one percent limitation still exceeds
17 one percent of the true and fair value of any property, then the thirty
18 cents per thousand dollars of assessed value of tax levy imposed under
19 RCW 84.52.069 shall be reduced until the combined rate no longer
20 exceeds one percent of the true and fair value of any property or
21 eliminated.

22 (2) The certified rates of tax levy subject to these limitations by
23 all junior taxing districts and cities and towns imposing taxes on such
24 property shall be reduced or eliminated as follows to bring the
25 consolidated levy of taxes on such property within the provisions of
26 these limitations:

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

30 (b) Second, the certified property tax levy rates of those junior
31 taxing districts authorized under RCW 36.68.525, 36.69.145, and
32 67.38.130 shall be reduced on a pro rata basis or eliminated;

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

37 (~~(e) Third~~) (d) Fourth, if the consolidated tax levy rate still
38 exceeds these limitations, the certified property tax levy rates of all
39 other junior taxing districts, other than fire protection districts,

1 library districts, the first fifty cent per thousand dollars of
2 assessed valuation levies for metropolitan park districts, and the
3 first fifty cent per thousand dollars of assessed valuation levies for
4 public hospital districts, shall be reduced on a pro rata basis or
5 eliminated;

6 (~~((d) Fourth))~~ (e) Fifth, if the consolidated tax levy rate still
7 exceeds these limitations, the certified property tax levy rates
8 authorized to fire protection districts under RCW 52.16.140 and
9 52.16.160 shall be reduced on a pro rata basis or eliminated; and

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

17 In determining whether the aggregate rate of tax levy on any
18 property, that is subject to the limitations set forth in RCW
19 84.52.050, exceeds the limitations provided in that section, the
20 assessor shall use the hypothetical state levy, as apportioned to the
21 county under RCW 84.48.080, that was computed under RCW 84.48.080
22 without regard to the reduction under RCW 84.55.012.

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

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

28 (1)(a) Levies of the senior taxing districts shall be as follows:
29 (~~((a))~~) (i) The levy by the state shall not exceed three dollars and
30 sixty cents per thousand dollars of assessed value adjusted to the
31 state equalized value in accordance with the indicated ratio fixed by
32 the state department of revenue to be used exclusively for the support
33 of the common schools; (~~((b))~~) (ii) the levy by any county shall not
34 exceed one dollar and eighty cents per thousand dollars of assessed
35 value; (~~((c))~~) (iii) the levy by any road district shall not exceed two
36 dollars and twenty-five cents per thousand dollars of assessed value;
37 and (~~((d))~~) (iv) the levy by any city or town shall not exceed three
38 dollars and thirty-seven and one-half cents per thousand dollars of

1 assessed value. However any county is hereby authorized to increase
2 its levy from one dollar and eighty cents to a rate not to exceed two
3 dollars and forty-seven and one-half cents per thousand dollars of
4 assessed value for general county purposes if the total levies for both
5 the county and any road district within the county do not exceed four
6 dollars and five cents per thousand dollars of assessed value, and no
7 other taxing district has its levy reduced as a result of the increased
8 county levy.

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

19 (2) The aggregate levies of junior taxing districts and senior
20 taxing districts, other than the state, shall not exceed five dollars
21 and ninety cents per thousand dollars of assessed valuation. The term
22 "junior taxing districts" includes all taxing districts other than the
23 state, counties, road districts, cities, towns, port districts, and
24 public utility districts. The limitations provided in this subsection
25 shall not apply to: (a) Levies at the rates provided by existing law
26 by or for any port or public utility district; (b) excess property tax
27 levies authorized in Article VII, section 2 of the state Constitution;
28 (c) levies for acquiring conservation futures as authorized under RCW
29 84.34.230; (d) levies for emergency medical care or emergency medical
30 services imposed under RCW 84.52.069; (e) levies to finance affordable
31 housing for very low-income housing imposed under RCW 84.52.105; and
32 (f) the portions of levies by metropolitan park districts that are
33 protected under RCW 84.52.120.

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

36 (1) The legislative authority of a county, city, or town may fix
37 and impose an additional fee, not to exceed fifteen dollars per
38 vehicle, for each vehicle that is subject to license fees under RCW

1 46.16.060 and each vehicle subject to RCW 46.16.070 with an unladen
2 weight of 6,000 pounds or less and is determined by the department of
3 licensing to be registered within the boundaries of the respective
4 county, city, or town; except that a city or town may only impose the
5 fee to the extent that, on January 1, 1998, the county in which that
6 city or town is located does not have the maximum fee in effect. The
7 county, city, or town fee or increase in the amount of the fee may not
8 take effect if it would cause the combined rate in any city or town to
9 exceed fifteen dollars per vehicle.

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

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

18 (4) A county, city, or town imposing this fee or initiating an
19 exemption process shall delay the effective date at least six months
20 from the date the ordinance is enacted to allow the department of
21 licensing to implement administration and collection of or exemption
22 from the fee.

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

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

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

37 The city or town electing to own, construct, maintain, operate, and
38 preserve its streets and related facilities as a utility under this

1 chapter may finance the construction, operation, maintenance, and
2 preservation through local improvement districts, utility local
3 improvement districts, or with proceeds from general obligation bonds
4 and revenue bonds payable from the charges issued in accordance with
5 chapter 35.41, 35.92, or 39.46 RCW, or any combination thereof. The
6 city or town may use(~~(, in addition to the charges authorized by RCW~~
7 ~~82.80.050,)) funds from general taxation, money received from the
8 federal, state, or other local governments, and other funds made
9 available to it. (~~The proceeds of the charges authorized by RCW~~
10 ~~82.80.050 shall be used strictly for transportation purposes in~~
11 ~~accordance with this chapter and RCW 82.80.070.))~~~~

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

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

30 (2) The local option transportation revenues shall be expended for
31 transportation uses consistent with the adopted transportation and land
32 use plans of the jurisdiction expending the funds and consistent with
33 any applicable and adopted regional transportation plan for
34 metropolitan planning areas.

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

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

4 (b) The program shall be based on an adopted transportation plan
5 for the geographic areas covered and shall identify the proposed
6 operation and construction of transportation improvements and services
7 in the designated plan area intended to be funded in whole or in part
8 by local option transportation revenues and shall identify the annual
9 costs applicable to the program.

10 (c) The program shall indicate how the local transportation plan is
11 coordinated with applicable transportation plans for the region and for
12 adjacent jurisdictions.

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

22 (4) Local governments with a population greater than eight thousand
23 exercising the authority for local option transportation funds shall
24 periodically review and update their transportation program to ensure
25 that it is consistent with applicable local and regional transportation
26 and land use plans and within the means of estimated public and private
27 revenue available.

28 (5) In the case of expenditure for new or expanded transportation
29 facilities, improvements, and services, priorities in the use of local
30 option transportation revenues shall be identified in the
31 transportation program and expenditures shall be made based upon the
32 following criteria, which are stated in descending order of weight to
33 be attributed:

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

35 (b) Second, it is necessitated by existing or reasonably
36 foreseeable congestion;

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

38 (d) Fourth, it is partially funded by other government funds, such
39 as from the state transportation improvement board, or by private

1 sector contributions, such as those from the local transportation act,
2 chapter 39.92 RCW; and

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

5 (6) It is the intent of the legislature that as a condition of
6 levying, receiving, and expending local option transportation revenues,
7 no local government agency use the revenues to replace, divert, or loan
8 any revenues currently being used for transportation purposes to
9 nontransportation purposes. The association of Washington cities and
10 the Washington state association of counties, in consultation with the
11 legislative transportation committee, shall study the issue of
12 nondiversion and make recommendations to the legislative transportation
13 committee for language implementing the intent of this section by
14 December 1, 1990.

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

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

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

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

36 The state treasurer shall distribute revenues, less authorized
37 deductions, generated by the local option taxes authorized in RCW

1 82.80.020 levied by counties, cities, and towns to the respective
2 levying cities and towns.

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

5 (1) The legislative authority of a city or town may submit an
6 authorizing proposition to its voters, and if approved by a majority of
7 persons voting, fix and impose a sales and use tax in accordance with
8 the terms of this section for the purposes designated in subsection (3)
9 of this section.

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

17 (3) Moneys received from any tax imposed under this section shall
18 be used solely for transportation purposes as that term is used in RCW
19 82.80.070.

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

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

33 (2) It shall be the duty of the legislative authority of each
34 municipality, each year as a part of its annual tax levy and in
35 addition to the city levy limit set forth in RCW 84.52.043, to levy and
36 place in the fund an additional tax of twenty-two and one-half cents
37 per thousand dollars of assessed value against all taxable property of

1 such municipality: PROVIDED, That if a report by a qualified actuary
2 establishes that all or any part of the additional twenty-two and one-
3 half cents per thousand dollars of assessed value levy is unnecessary
4 to meet the estimated demands on the fund under this chapter for the
5 ensuing budget year, the levy of said additional twenty-two and one-
6 half cents per thousand dollars of assessed value may be omitted, or
7 the whole or any part of such dollar rate may be levied and used for
8 any other municipal purpose: PROVIDED FURTHER, That cities that have
9 annexed to library districts according to RCW 27.12.360 through
10 27.12.395 and/or fire protection districts according to RCW 52.04.061
11 through 52.04.081 shall not levy this additional tax to the extent that
12 it causes the combined levies to exceed the statutory or constitutional
13 limits.

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

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

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

23 NEW SECTION. **Sec. 12.** If any provision of this act or its
24 application to any person or circumstance is held invalid, the
25 remainder of the act or the application of the provision to other
26 persons or circumstances is not affected.

--- END ---