

SENATE BILL REPORT

SB 6649

As Reported By Senate Committee On:
Transportation, February 12, 2002

Title: An act relating to local transportation by authorizing the establishment of municipal street utilities to maintain streets and providing local options for funding local transportation.

Brief Description: Authorizing local transportation financing alternatives.

Sponsors: Senators Haugen, Gardner, Jacobsen, Carlson and Winsley.

Brief History:

Committee Activity: Transportation: 1/30/02, 2/12/02 [DPS, DNP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6649 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Eide, Jacobsen, Kastama, Keiser, McAuliffe, Prentice and Shin.

Minority Report: Do not pass.

Signed by Senators Benton, Finkbeiner, Horn, Johnson, McDonald, Oke, T. Sheldon and Swecker.

Staff: Jennifer Ziegler (786-7316)

Background: In 1990, the Legislature authorized the formation of street utilities to generate revenues for city street maintenance, operation, and preservation. Prior to November 1995, the following cities had enacted a street utility charge: Grandview, Kent, Mabton, Marcus, Medical Lake, Richland, Seattle, Snoqualmie, Soap Lake, Union Gap, Wenatchee and Wilkeson.

In 1995, the Washington State Supreme Court considered the constitutionality of the city street utility charge in *Covell v. City of Seattle*. The court concluded that the street utility charge was not a valid fee, but a tax on property that violated the State Constitution's uniformity clause.

Cities and counties currently have authority to impose a \$15 vehicle license fee for transportation purposes.

Summary of Substitute Bill: A city or town may own, operate, and preserve all or a portion of its streets as a separate enterprise and facility, known as a street utility. The legislative authority of the city or town may include as a part of the street utility street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and any other

facilities, equipment, or service directly related to public streets. The legislative authority of the city or town is the governing body of the street utility.

A street utility may levy charges upon street users for the use of streets in a total annual amount of up to 50 percent of the actual costs for maintenance, operation, and preservation of the facilities under the jurisdiction of the street utility. Cities must only spend street utility fees and charges on uses consistent with the adopted transportation and land use plans of the jurisdiction and consistent with any applicable regional transportation plan for metropolitan planning areas.

Fees must be based on the estimated number of vehicle trips generated by specific types of a street user's property uses. All charges must be uniform for each class of street user. Street user charges must not be calculated based on real property or improvement to property. The city or town must create an administrative appeals process for persons desiring to contest their classification or status as street users.

Counties or cities are authorized to impose a fee of up to \$50 per vehicle for transportation purposes.

Previous street utility statutes are repealed.

Substitute Bill Compared to Original Bill: The local option gas tax is removed.

Appropriation: None.

Fiscal Note: Requested on January 25, 2002.

Effective Date: The bill takes effect on July 1, 2002.

Testimony For: These revenue sources provide a menu of options to local governments. Many communities are not able to wait any longer to make necessary improvements. Local governments want to partner with other entities; they just need the tools to do it.

Testimony Against: (Concerns) The legislation creates a competitive distortion within localities. Local option gas taxes consistently fail. Multiple jurisdictions with varying taxes present opportunities for fraud. This is one of many bills that increases fees on cars.

Testified: Ashley Probart, AWC (pro); Jack Lynch, City of Spokane (pro); Steve Jenkins, Bridgeport (pro); Mark Asmundson, Bellingham (pro); Jackie White, Assn. of Counties (pro w/concerns) Gray Hanon, Western States Petroleum Assn. (con); Jim Boldt, WA Auto Dealers (con); Charlie Brown, WA Oil Marketers Assn. (concerns).