

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5177

Chapter 336, Laws of 2005

(partial veto)

59th Legislature
2005 Regular Session

TRANSPORTATION BENEFIT DISTRICTS

EFFECTIVE DATE: 8/01/05

Passed by the Senate April 23, 2005
YEAS 33 NAYS 15

BRAD OWEN

President of the Senate

Passed by the House April 22, 2005
YEAS 85 NAYS 13

FRANK CHOPP

Speaker of the House of Representatives

Approved May 9, 2005, with the
exception of Section 23, which is vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5177** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 9, 2005 - 3:33 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5177

AS AMENDED BY THE HOUSE

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By Senate Committee on Transportation (originally sponsored by
Senators Swecker, Jacobsen, Haugen and Oke)

READ FIRST TIME 02/14/05.

1 AN ACT Relating to transportation benefit districts; amending RCW
2 36.73.010, 36.73.020, 36.73.040, 36.73.050, 36.73.060, 36.73.070,
3 36.73.080, 36.73.100, 36.73.110, 36.73.120, 36.73.130, 36.73.140,
4 36.73.150, 82.14.060, 35.21.225, 47.56.075, and 82.80.030; reenacting
5 and amending RCW 82.14.050; adding new sections to chapter 36.73 RCW;
6 adding a new section to chapter 82.14 RCW; adding a new section to
7 chapter 82.80 RCW; adding a new section to chapter 47.56 RCW; and
8 providing an effective date.

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

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.73 RCW
11 to read as follows:

12 The definitions in this section apply throughout this chapter
13 unless the context clearly requires otherwise.

14 (1) "District" means a transportation benefit district created
15 under this chapter.

16 (2) "City" means a city or town.

17 (3) "Transportation improvement" means a project contained in the
18 transportation plan of the state or a regional transportation planning
19 organization that is of statewide or regional significance. A project

1 may include investment in new or existing highways of statewide
2 significance, principal arterials of regional significance, high-
3 capacity transportation, public transportation, and other
4 transportation projects and programs of regional or statewide
5 significance including transportation demand management. Projects may
6 also include the operation, preservation, and maintenance of these
7 facilities or programs. Not more than forty percent of the revenues
8 generated by a district may be expended on city streets, county roads,
9 existing highways other than highways of statewide significance, and
10 the creation of a new highway that intersects with a highway of
11 statewide significance.

12 **Sec. 2.** RCW 36.73.010 and 1987 c 327 s 1 are each amended to read
13 as follows:

14 The legislature finds that the citizens of the state can benefit by
15 cooperation of the public and private sectors in addressing
16 transportation needs. This cooperation can be fostered through
17 enhanced capability for cities, towns, and counties to make and fund
18 transportation improvements necessitated by economic development and to
19 improve the performance of the transportation system.

20 It is the intent of the legislature to encourage joint efforts by
21 the state, local governments, and the private sector to respond to the
22 need for those transportation improvements on state highways, county
23 roads, and city streets. This goal can be better achieved by allowing
24 cities, towns, and counties to establish transportation benefit
25 districts in order to respond to the special transportation needs and
26 economic opportunities resulting from private sector development for
27 the public good. The legislature also seeks to facilitate the
28 equitable participation of private developers whose developments may
29 generate the need for those improvements in the improvement costs.

30 **Sec. 3.** RCW 36.73.020 and 1989 c 53 s 1 are each amended to read
31 as follows:

32 (1) The legislative authority of a county or city may establish
33 ~~((one or more))~~ a transportation benefit district~~((s))~~ within the
34 county or city area or within the area specified in subsection (2) of
35 this section, for the purpose of acquiring, constructing, improving,
36 providing, and funding ~~((any city street, county road, or state~~

1 ~~highway)) a transportation~~ improvement within the district that is
2 ~~((1))~~ consistent with any existing state, regional, and local
3 transportation plans ~~((, (2))~~ and necessitated by existing or
4 reasonably foreseeable congestion levels ~~((attributable to economic~~
5 ~~growth, and (3) partially funded by local government or private~~
6 ~~developer contributions, or a combination of such contributions))~~.
7 ~~((Such))~~ The transportation improvements shall be owned by the county
8 of jurisdiction if located in an unincorporated area, by the city of
9 jurisdiction if located in an incorporated area, or by the state in
10 cases where the transportation improvement is or becomes a state
11 highway ~~((; and all such))~~. However, if deemed appropriate by the
12 governing body of the transportation benefit district, a transportation
13 improvement may be owned by a participating port district or transit
14 district, unless otherwise prohibited by law. Transportation
15 improvements shall be administered and maintained as other public
16 streets, roads, ~~((and))~~ highways, and transportation improvements.
17 ~~((The district may not include any area within the corporate limits of~~
18 ~~a city unless the city legislative authority has agreed to the~~
19 ~~inclusion pursuant to chapter 39.34 RCW. The agreement shall specify~~
20 ~~the area and such powers as may be granted to the benefit district.))~~
21 To the extent practicable, the district shall consider the following
22 criteria when selecting transportation improvements:

23 (a) Reduced risk of transportation facility failure and improved
24 safety;

25 (b) Improved travel time;

26 (c) Improved air quality;

27 (d) Increases in daily and peak period trip capacity;

28 (e) Improved modal connectivity;

29 (f) Improved freight mobility;

30 (g) Cost-effectiveness of the investment;

31 (h) Optimal performance of the system through time; and

32 (i) Other criteria, as adopted by the governing body.

33 (2) Subject to subsection (6) of this section, the district may
34 include area within more than one county, city, port district, county
35 transportation authority, or public transportation benefit area, if the
36 legislative authority of each participating jurisdiction has agreed to
37 the inclusion as provided in an interlocal agreement adopted pursuant

1 to chapter 39.34 RCW. However, the boundaries of the district shall
2 include all territory within the boundaries of the participating
3 jurisdictions comprising the district.

4 (3) The members of the ((county)) legislative authority proposing
5 to establish the district, acting ex officio and independently, shall
6 ((compose)) constitute the governing body of the district: PROVIDED,
7 That where a ((transportation benefit)) district includes ((any portion
8 of an incorporated city, town, or another county, the district may be
9 governed as provided in an interlocal agreement adopted pursuant to
10 chapter 39.34 RCW)) area within more than one jurisdiction under
11 subsection (2) of this section, the district shall be governed under an
12 interlocal agreement adopted pursuant to chapter 39.34 RCW. However,
13 the governing body shall be composed of at least five members including
14 at least one elected official from the legislative authority of each
15 participating jurisdiction.

16 (4) The ((county)) treasurer of the jurisdiction proposing to
17 establish the district shall act as the ex officio treasurer of the
18 district, unless an interlocal agreement states otherwise.

19 (5) The electors of the district shall all be registered voters
20 residing within the district. ((For purposes of this section, the term
21 "city" means both cities and towns.))

22 (6) The authority under this section, regarding the establishment
23 of or the participation in a district, shall not apply to:

24 (a) Counties with a population greater than one million five
25 hundred thousand persons and any adjoining counties with a population
26 greater than five hundred thousand persons;

27 (b) Cities with any area within the counties under (a) of this
28 subsection; and

29 (c) Other jurisdictions with any area within the counties under (a)
30 of this subsection.

31 **Sec. 4.** RCW 36.73.040 and 1989 c 53 s 3 are each amended to read
32 as follows:

33 (1) A transportation benefit district is a quasi-municipal
34 corporation, an independent taxing "authority" within the meaning of
35 Article VII, section 1 of the state Constitution, and a "taxing
36 district" within the meaning of Article VII, section 2 of the state
37 Constitution.

1 (2) A transportation benefit district constitutes a body corporate
2 and possesses all the usual powers of a corporation for public purposes
3 as well as all other powers that may now or hereafter be specifically
4 conferred by statute, including, but not limited to, the authority to
5 hire employees, staff, and services, to enter into contracts, to
6 acquire, hold, and dispose of real and personal property, and to sue
7 and be sued. Public works contract limits applicable to the
8 jurisdiction that established the district (~~shall~~) apply to the
9 district.

10 (3) To carry out the purposes of this chapter, and subject to the
11 provisions of section 17 of this act, a district is authorized to
12 impose the following taxes, fees, charges, and tolls:

13 (a) A sales and use tax in accordance with section 15 of this act;

14 (b) A vehicle fee in accordance with section 16 of this act;

15 (c) A fee or charge in accordance with RCW 36.73.120. However, if
16 a county or city within the district area is levying a fee or charge
17 for a transportation improvement, the fee or charge shall be credited
18 against the amount of the fee or charge imposed by the district.
19 Developments consisting of less than twenty residences are exempt from
20 the fee or charge under RCW 36.73.120; and

21 (d) Vehicle tolls on state routes or federal highways, city
22 streets, or county roads, within the boundaries of the district, unless
23 otherwise prohibited by law. The department of transportation shall
24 administer the collection of vehicle tolls authorized on state routes
25 or federal highways, unless otherwise specified in law or by contract,
26 and the state transportation commission, or its successor, may approve,
27 set, and impose the tolls in amounts sufficient to implement the
28 district's transportation improvement finance plan. The district shall
29 administer the collection of vehicle tolls authorized on city streets
30 or county roads, and shall set and impose, only with approval of the
31 transportation commission, or its successor, the tolls in amounts
32 sufficient to implement the district's transportation improvement plan.

33 **Sec. 5.** RCW 36.73.050 and 1987 c 327 s 5 are each amended to read
34 as follows:

35 (1) (~~A city or county~~) The legislative (~~authority~~) authorities
36 proposing to establish a (~~transportation benefit~~) district, or to
37 modify the boundaries of an existing district, or to dissolve an

1 existing district(~~(τ)~~) shall conduct a hearing at the time and place
2 specified in a notice published at least once, not less than ten days
3 before the hearing, in a newspaper of general circulation within the
4 proposed district. Subject to the provisions of section 19 of this
5 act, the legislative ((~~authority~~)) authorities shall make provision for
6 a district to be automatically dissolved when all indebtedness of the
7 district has been retired and anticipated responsibilities have been
8 satisfied. This notice shall be in addition to any other notice
9 required by law to be published. The notice shall, where applicable,
10 specify the functions or activities proposed to be provided or funded,
11 or the additional functions or activities proposed to be provided or
12 funded, by the district. Additional notice of the hearing may be given
13 by mail, by posting within the proposed district, or in any manner the
14 ((~~city or county~~)) legislative ((~~authority deems~~)) authorities deem
15 necessary to notify affected persons. All hearings shall be public and
16 the ((~~city or county~~)) legislative ((~~authority~~)) authorities shall hear
17 objections from any person affected by the formation, modification of
18 the boundaries, or dissolution of the district.

19 (2) Following the hearing held pursuant to subsection (1) of this
20 section, the ((~~city or county~~)) legislative ((~~authority~~)) authorities
21 may establish a ((~~transportation benefit~~)) district, modify the
22 boundaries or functions of an existing district, or dissolve an
23 existing district, if the ((~~city or county~~)) legislative ((~~authority~~
24 ~~finds~~)) authorities find the action to be in the public interest and
25 ((~~adopts~~)) adopt an ordinance providing for the action. The ordinance
26 establishing a district shall specify the functions or activities to be
27 exercised or funded and establish the boundaries of the district. ((~~A~~
28 ~~district shall include only those areas which can reasonably be~~
29 ~~expected to benefit from improvements to be funded by the district.~~))
30 Subject to the provisions of section 18 of this act, functions or
31 activities proposed to be provided or funded by the district may not be
32 expanded beyond those specified in the notice of hearing, unless
33 additional notices are made, further hearings on the expansion are
34 held, and further determinations are made that it is in the public
35 interest to so expand the functions or activities proposed to be
36 provided or funded.

37 ((~~(3) At any time before the city or county legislative authority~~
38 ~~establishes a transportation benefit district pursuant to this section,~~

1 all further proceedings shall be terminated upon the filing of a
2 verified declaration of termination signed by the owners of real
3 property consisting of at least sixty percent of the assessed valuation
4 in the proposed district.))

5 **Sec. 6.** RCW 36.73.060 and 1987 c 327 s 6 are each amended to read
6 as follows:

7 (1) A ((~~transportation benefit~~)) district may levy an ad valorem
8 property tax in excess of the one percent limitation upon the property
9 within the district for a one-year period whenever authorized by the
10 voters of the district pursuant to RCW 84.52.052 and Article VII,
11 section 2(a) of the state Constitution.

12 (2) A district may provide for the retirement of voter-approved
13 general obligation bonds, issued for capital purposes only, by levying
14 bond retirement ad valorem property tax levies in excess of the one
15 percent limitation whenever authorized by the voters of the district
16 pursuant to Article VII, section 2(b) of the state Constitution and RCW
17 84.52.056.

18 **Sec. 7.** RCW 36.73.070 and 1987 c 327 s 7 are each amended to read
19 as follows:

20 (1) To carry out the purposes of this chapter and notwithstanding
21 RCW 39.36.020(1), a ((~~transportation benefit~~)) district may issue
22 general obligation bonds, not to exceed an amount, together with any
23 other outstanding nonvoter-approved general obligation indebtedness,
24 equal to ((~~three eighths of~~)) one and one-half percent of the value of
25 taxable property within the district, as the term "value of taxable
26 property" is defined in RCW 39.36.015. A district may additionally
27 issue general obligation bonds for capital purposes only, together with
28 any outstanding general obligation indebtedness, not to exceed an
29 amount equal to ((~~one and one fourth~~)) five percent of the value of the
30 taxable property within the district, as the term "value of taxable
31 property" is defined in RCW 39.36.015, when authorized by the voters of
32 the district pursuant to Article VIII, section 6 of the state
33 Constitution, and ((~~to~~)) may also provide for the retirement thereof by
34 excess property tax levies as provided in RCW 36.73.060(2). The
35 district may, if applicable, submit a single proposition to the voters

1 that, if approved, authorizes both the issuance of the bonds and the
2 bond retirement property tax levies.

3 (2) General obligation bonds with a maturity in excess of forty
4 years shall not be issued. The governing body of the (~~transportation~~
5 ~~benefit~~) district shall by resolution determine for each general
6 obligation bond issue the amount, date, terms, conditions,
7 denominations, maximum fixed or variable interest rate or rates,
8 maturity or maturities, redemption rights, registration privileges,
9 manner of execution, manner of sale, callable provisions, if any,
10 covenants, and form, including registration as to principal and
11 interest, registration as to principal only, or bearer. Registration
12 may include, but not be limited to: (a) A book entry system of
13 recording the ownership of a bond whether or not physical bonds are
14 issued; or (b) recording the ownership of a bond together with the
15 requirement that the transfer of ownership may only be effected by the
16 surrender of the old bond and either the reissuance of the old bond or
17 the issuance of a new bond to the new owner. Facsimile signatures may
18 be used on the bonds and any coupons. Refunding general obligation
19 bonds may be issued in the same manner as general obligation bonds are
20 issued.

21 (3) Whenever general obligation bonds are issued to fund specific
22 projects or enterprises that generate revenues, charges, user fees, or
23 special assessments, the (~~transportation benefit~~) district (~~which~~
24 ~~issues the bonds~~) may specifically pledge all or a portion of the
25 revenues, charges, user fees, or special assessments to refund the
26 general obligation bonds. The district may also pledge any other
27 revenues that may be available to the district.

28 (4) In addition to general obligation bonds, a district may issue
29 revenue bonds to be issued and sold in accordance with chapter 39.46
30 RCW.

31 **Sec. 8.** RCW 36.73.080 and 1987 c 327 s 8 are each amended to read
32 as follows:

33 (1) A (~~transportation benefit~~) district may form a local
34 improvement district to provide any transportation improvement it has
35 the authority to provide, impose special assessments on all property
36 specially benefited by the transportation improvements, and issue
37 special assessment bonds or revenue bonds to fund the costs of the

1 transportation improvement. Local improvement districts shall be
2 created and administered, and assessments shall be made and collected,
3 in the manner and to the extent provided by law to cities and towns
4 pursuant to chapters 35.43, 35.44, 35.49, 35.50, 35.51, 35.53, and
5 35.54 RCW. However, the duties devolving upon the city or town
6 treasurer under these chapters shall be imposed upon the district
7 treasurer for the purposes of this section. A local improvement
8 district may only be formed under this section pursuant to the petition
9 method under RCW 35.43.120 and 35.43.125.

10 (2) The governing body of a (~~transportation benefit~~) district
11 shall by resolution establish for each special assessment bond issue
12 the amount, date, terms, conditions, denominations, maximum fixed or
13 variable interest rate or rates, maturity or maturities, redemption
14 rights, registration privileges, if any, covenants, and form, including
15 registration as to principal and interest, registration as to principal
16 only, or bearer. Registration may include, but not be limited to: (a)
17 A book entry system of recording the ownership of a bond whether or not
18 physical bonds are issued; or (b) recording the ownership of a bond
19 together with the requirement that the transfer of ownership may only
20 be effected by the surrender of the old bond and either the reissuance
21 of the old bond or the issuance of a new bond to the new owner.
22 Facsimile signatures may be used on the bonds and any coupons. The
23 maximum term of any special assessment bonds shall not exceed thirty
24 years beyond the date of issue. Special assessment bonds issued
25 pursuant to this section shall not be an indebtedness of the
26 (~~transportation benefit~~) district issuing the bonds, and the interest
27 and principal on the bonds shall only be payable from special
28 assessments made for the improvement for which the bonds were issued
29 and any local improvement guaranty fund that the (~~transportation~~
30 ~~benefit~~) district has created. The owner or bearer of a special
31 assessment bond or any interest coupon issued pursuant to this section
32 shall not have any claim against the (~~transportation benefit~~)
33 district arising from the bond or coupon except for the payment from
34 special assessments made for the improvement for which the bonds were
35 issued and any local improvement guaranty fund the (~~transportation~~
36 ~~benefit~~) district has created. The district issuing the special
37 assessment bonds is not liable to the owner or bearer of any special
38 assessment bond or any interest coupon issued pursuant to this section

1 for any loss occurring in the lawful operation of its local improvement
2 guaranty fund. The substance of the limitations included in this
3 subsection (2) shall be plainly printed, written, or engraved on each
4 special assessment bond issued pursuant to this section.

5 (3) Assessments shall reflect any credits given by a
6 (~~transportation benefit~~) district for real property or property right
7 donations made pursuant to RCW 47.14.030.

8 (4) The governing body may establish, administer, and pay
9 (~~moneys~~) money into a local improvement guaranty fund, in the manner
10 and to the extent provided by law to cities and towns under chapter
11 35.54 RCW, to guarantee special assessment bonds issued by the
12 (~~transportation benefit~~) district.

13 **Sec. 9.** RCW 36.73.100 and 1987 c 327 s 10 are each amended to read
14 as follows:

15 (1) The proceeds of any bond issued pursuant to RCW 36.73.070 or
16 36.73.080 may be used to pay costs incurred on (~~such~~) a bond issue
17 related to the sale and issuance of the bonds. (~~Such~~) These costs
18 include payments for fiscal and legal expenses, obtaining bond ratings,
19 printing, engraving, advertising, and other similar activities.

20 (2) In addition, proceeds of bonds used to fund capital projects
21 may be used to pay the necessary and related engineering,
22 architectural, planning, and inspection costs.

23 **Sec. 10.** RCW 36.73.110 and 1987 c 327 s 11 are each amended to
24 read as follows:

25 A (~~transportation benefit~~) district may accept and expend or use
26 gifts, grants, and donations.

27 **Sec. 11.** RCW 36.73.120 and 1988 c 179 s 7 are each amended to read
28 as follows:

29 (1) (~~A transportation benefit~~) Subject to the provisions in
30 section 17 of this act, a district may impose a fee or charge on the
31 construction or reconstruction of residential buildings, commercial
32 buildings, industrial buildings, or on any other building or building
33 space or appurtenance (~~thereto~~), or on the development, subdivision,
34 classification, or reclassification of land, only if done in accordance
35 with chapter 39.92 RCW.

1 (2) Any fee or charge imposed under this section shall be used
2 exclusively for transportation improvements constructed by a
3 (~~transportation benefit~~) district. The fees or charges (~~so~~)
4 imposed must be reasonably necessary as a result of the impact of
5 development, construction, or classification or reclassification of
6 land on identified transportation needs.

7 (~~3) (When fees or charges are imposed by a district within which
8 there is more than one city or both incorporated and unincorporated
9 areas, the legislative authority for each city in the district and the
10 county legislative authority for the unincorporated area must approve
11 the imposition of such fees or charges before they take effect.)~~) If a
12 county or city within the district area is levying a fee or charge for
13 a transportation improvement, the fee or charge shall be credited
14 against the amount of the fee or charge imposed by the district.

15 (4) Developments consisting of less than twenty residences are
16 exempt from the fee or charge under this section.

17 **Sec. 12.** RCW 36.73.130 and 1987 c 327 s 13 are each amended to
18 read as follows:

19 A (~~transportation benefit~~) district may exercise the power of
20 eminent domain to obtain property for its authorized purposes in the
21 same manner as authorized for the city or county legislative authority
22 that established the district.

23 **Sec. 13.** RCW 36.73.140 and 1987 c 327 s 14 are each amended to
24 read as follows:

25 A (~~transportation benefit~~) district has the same powers as a
26 county or city to contract for street, road, or state highway
27 improvement projects and to enter into reimbursement contracts provided
28 for in chapter 35.72 RCW.

29 **Sec. 14.** RCW 36.73.150 and 1987 c 327 s 15 are each amended to
30 read as follows:

31 The department of transportation, counties, (~~and~~) cities, and
32 other jurisdictions may give funds to (~~transportation benefit~~)
33 districts for the purposes of financing (~~street, road, or highway~~)
34 transportation improvements (projects) under this chapter.

1 NEW SECTION. **Sec. 15.** A new section is added to chapter 82.14 RCW
2 to read as follows:

3 (1) Subject to the provisions in section 17 of this act, a
4 transportation benefit district under chapter 36.73 RCW may fix and
5 impose a sales and use tax in accordance with the terms of this
6 chapter. The tax authorized in this section is in addition to any
7 other taxes authorized by law and shall be collected from those persons
8 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
9 the occurrence of any taxable event within the boundaries of the
10 district. The rate of tax shall not exceed two-tenths of one percent
11 of the selling price in the case of a sales tax, or value of the
12 article used, in the case of a use tax. The tax may not be imposed for
13 a period exceeding ten years. This tax may be extended for a period
14 not exceeding ten years with an affirmative vote of the voters voting
15 at the election.

16 (2) Money received from the tax imposed under this section must be
17 spent in accordance with the requirements of chapter 36.73 RCW.

18 (3) A district may only levy the tax under this section if the
19 district is comprised of boundaries coextensive with the boundaries of
20 a county, counties, city or cities, a county transportation authority
21 or authorities, a public transportation benefit area or areas, or any
22 combination of these jurisdictions.

23 NEW SECTION. **Sec. 16.** A new section is added to chapter 82.80 RCW
24 to read as follows:

25 (1) Subject to the provisions of section 17 of this act, a
26 transportation benefit district under chapter 36.73 RCW may fix and
27 impose an annual vehicle fee, not to exceed one hundred dollars per
28 vehicle registered in the district, for each vehicle subject to license
29 tab fees under RCW 46.16.0621 and for each vehicle subject to gross
30 weight fees under RCW 46.16.070 with an unladen weight of six thousand
31 pounds or less.

32 (2) The department of licensing shall administer and collect the
33 fee. The department shall deduct a percentage amount, as provided by
34 contract, not to exceed one percent of the fees collected, for
35 administration and collection expenses incurred by it. The department
36 shall remit remaining proceeds to the custody of the state treasurer.

1 The state treasurer shall distribute the proceeds to the district on a
2 monthly basis.

3 (3) No fee under this section may be collected until six months
4 after approval by the district voters under section 17 of this act.

5 (4) The vehicle fee under this section applies only when renewing
6 a vehicle registration, and is effective upon the registration renewal
7 date as provided by the department of licensing.

8 (5) The following vehicles are exempt from the fee under this
9 section:

10 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and
11 46.04.181;

12 (b) Off-road and nonhighway vehicles as defined in RCW 46.09.020;

13 (c) Vehicles registered under chapter 46.87 RCW and the
14 international registration plan; and

15 (d) Snowmobiles as defined in RCW 46.10.010.

16 NEW SECTION. **Sec. 17.** A new section is added to chapter 36.73 RCW
17 to read as follows:

18 (1) Taxes, fees, charges, and tolls may not be imposed by a
19 district without approval of a majority of the voters in the district
20 voting on a proposition at a general or special election. The
21 proposition must include a specific description of the transportation
22 improvement or improvements proposed by the district and the proposed
23 taxes, fees, charges, and the range of tolls imposed by the district to
24 raise revenue to fund the improvement or improvements.

25 (2) Voter approval under this section shall be accorded substantial
26 weight regarding the validity of a transportation improvement as
27 defined in section 1 of this act.

28 (3) A district may not increase any taxes, fees, charges, or range
29 of tolls imposed under this chapter once the taxes, fees, charges, or
30 tolls take effect, unless authorized by the district voters pursuant to
31 section 18 of this act.

32 NEW SECTION. **Sec. 18.** A new section is added to chapter 36.73 RCW
33 to read as follows:

34 (1) The district governing body shall develop a material change
35 policy to address major plan changes that affect project delivery or
36 the ability to finance the plan. The policy must at least address

1 material changes to cost, scope, and schedule, the level of change that
2 will require governing body involvement, and how the governing body
3 will address those changes. At a minimum, in the event that a
4 transportation improvement cost exceeds its original cost by more than
5 twenty percent as identified in a district's original finance plan, the
6 governing body shall hold a public hearing to solicit comment from the
7 public regarding how the cost change should be resolved.

8 (2) A district shall issue an annual report, indicating the status
9 of transportation improvement costs, transportation improvement
10 expenditures, revenues, and construction schedules, to the public and
11 to newspapers of record in the district.

12 NEW SECTION. **Sec. 19.** A new section is added to chapter 36.73 RCW
13 to read as follows:

14 Within thirty days of the completion of the construction of the
15 transportation improvement or series of improvements authorized by a
16 district, the district shall terminate day-to-day operations and exist
17 solely as a limited entity that oversees the collection of revenue and
18 the payment of debt service or financing still in effect, if any and to
19 carry out the requirements of section 18 of this act. The district
20 shall accordingly adjust downward its employees, administration, and
21 overhead expenses. Any taxes, fees, charges, or tolls imposed by the
22 district terminate when the financing or debt service on the
23 transportation improvement or series of improvements constructed is
24 completed and paid and notice is provided to the departments
25 administering the taxes. Any excess revenues collected must be
26 disbursed to the participating jurisdictions of the district in
27 proportion to their population, using population estimates prepared by
28 the office of financial management. The district shall dissolve itself
29 and cease to exist thirty days after the financing or debt service on
30 the transportation improvement, or series of improvements, constructed
31 is completed and paid. If there is no debt outstanding, then the
32 district shall dissolve within thirty days from completion of
33 construction of the transportation improvement or series of
34 improvements authorized by the district. Notice of dissolution must be
35 published in newspapers of general circulation within the district at
36 least three times in a period of thirty days. Creditors must file

1 claims for payment of claims due within thirty days of the last
2 published notice or the claim is extinguished.

3 **Sec. 20.** RCW 82.14.050 and 2003 c 168 s 201 and 2003 c 83 s 208
4 are each reenacted and amended to read as follows:

5 The counties, cities, and transportation authorities under RCW
6 82.14.045, public facilities districts under chapters 36.100 and 35.57
7 RCW, public transportation benefit areas under RCW 82.14.440, ~~((and))~~
8 regional transportation investment districts, and transportation
9 benefit districts under chapter 36.73 RCW shall contract, prior to the
10 effective date of a resolution or ordinance imposing a sales and use
11 tax, the administration and collection to the state department of
12 revenue, which shall deduct a percentage amount, as provided by
13 contract, not to exceed two percent of the taxes collected for
14 administration and collection expenses incurred by the department. The
15 remainder of any portion of any tax authorized by this chapter that is
16 collected by the department of revenue shall be deposited by the state
17 department of revenue in the local sales and use tax account hereby
18 created in the state treasury. Moneys in the local sales and use tax
19 account may be spent only for distribution to counties, cities,
20 transportation authorities, public facilities districts, public
21 transportation benefit areas, ~~((and))~~ regional transportation
22 investment districts, and transportation benefit districts imposing a
23 sales and use tax. All administrative provisions in chapters 82.03,
24 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
25 amended, shall, insofar as they are applicable to state sales and use
26 taxes, be applicable to taxes imposed pursuant to this chapter.
27 Counties, cities, transportation authorities, public facilities
28 districts, and regional transportation investment districts may not
29 conduct independent sales or use tax audits of sellers registered under
30 the streamlined sales tax agreement. Except as provided in RCW
31 43.08.190, all earnings of investments of balances in the local sales
32 and use tax account shall be credited to the local sales and use tax
33 account and distributed to the counties, cities, transportation
34 authorities, public facilities districts, public transportation benefit
35 areas, ~~((and))~~ regional transportation investment districts, and
36 transportation benefit districts monthly.

1 **Sec. 21.** RCW 82.14.060 and 1991 c 207 s 3 are each amended to read
2 as follows:

3 Monthly the state treasurer shall make distribution from the local
4 sales and use tax account to the counties, cities, transportation
5 authorities, ~~((and))~~ public facilities districts, and transportation
6 benefit districts the amount of tax collected on behalf of each taxing
7 authority, less the deduction provided for in RCW 82.14.050. The state
8 treasurer shall make the distribution under this section without
9 appropriation.

10 In the event that any ordinance or resolution imposes a sales and
11 use tax at a rate in excess of the applicable limits contained herein,
12 such ordinance or resolution shall not be considered void in toto, but
13 only with respect to that portion of the rate which is in excess of the
14 applicable limits contained herein.

15 **Sec. 22.** RCW 35.21.225 and 1989 c 53 s 2 are each amended to read
16 as follows:

17 ~~The legislative authority of a city may establish ((one or more~~
18 ~~transportation benefit districts within a city for the purpose of~~
19 ~~acquiring, constructing, improving, providing, and funding any city~~
20 ~~street, county road, or state highway improvement that is (1)~~
21 ~~consistent with state, regional, and local transportation plans, (2)~~
22 ~~necessitated by existing or reasonably foreseeable congestion levels~~
23 ~~attributable to economic growth, and (3) partially funded by local~~
24 ~~government or private developer contributions, or a combination of such~~
25 ~~contributions. Such transportation improvements shall be owned by the~~
26 ~~city of jurisdiction if located in an incorporated area, by the county~~
27 ~~of jurisdiction if located in an unincorporated area, or by the state~~
28 ~~in cases where the transportation improvement is or becomes a state~~
29 ~~highway; and all such transportation improvements shall be administered~~
30 ~~as other public streets, roads, and highways. The district may include~~
31 ~~any area within the corporate limits of another city if that city has~~
32 ~~agreed to the inclusion pursuant to chapter 39.34 RCW. The district~~
33 ~~may include any unincorporated area if the county legislative authority~~
34 ~~has agreed to the inclusion pursuant to chapter 39.34 RCW. The~~
35 ~~agreement shall specify the area and such other powers as may be~~
36 ~~granted to the benefit district.~~

1 ~~The members of the city legislative authority, acting ex officio~~
2 ~~and independently, shall compose the governing body of the district.~~
3 ~~The city treasurer shall act as the ex officio treasurer of the~~
4 ~~district:— PROVIDED, That where a transportation benefit district~~
5 ~~includes any unincorporated area or portion of another city, the~~
6 ~~district may be governed as provided in an interlocal agreement adopted~~
7 ~~pursuant to chapter 39.34 RCW. The electors of the district shall all~~
8 ~~be registered voters residing within the district. For the purposes of~~
9 ~~this section, the term "city" means both cities and towns)) a~~
10 transportation benefit district subject to the provisions of chapter
11 36.73 RCW.

12 ***Sec. 23. RCW 47.56.075 and 2002 c 56 s 404 are each amended to**
13 **read as follows:**

14 **The ((department)) commission shall approve for construction only**
15 **such toll roads as the legislature specifically authorizes or such toll**
16 **facilities as are specifically sponsored by a regional transportation**
17 **investment district, transportation benefit district, city, town, or**
18 **county.**

**Sec. 23 was vetoed. See message at end of chapter.*

19 **Sec. 24. RCW 82.80.030 and 2002 c 56 s 412 are each amended to**
20 **read as follows:**

21 (1) Subject to the conditions of this section, the legislative
22 authority of a county, city, or district may fix and impose a parking
23 tax on all persons engaged in a commercial parking business within its
24 respective jurisdiction. A city or county may impose the tax only to
25 the extent that it has not been imposed by the district, and a district
26 may impose the tax only to the extent that it has not been imposed by
27 a city or county. The jurisdiction of a county, for purposes of this
28 section, includes only the unincorporated area of the county. The
29 jurisdiction of a city or district includes only the area within its
30 boundaries.

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

35 The city, county, or district may provide that:

36 (a) The tax is paid by the operator or owner of the motor vehicle;

1 (b) The tax applies to all parking for which a fee is paid, whether
2 paid or leased, including parking supplied with a lease of
3 nonresidential space;

4 (c) The tax is collected by the operator of the facility and
5 remitted to the city, county, or district;

6 (d) The tax is a fee per vehicle or is measured by the parking
7 charge;

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

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

13 (3) "Commercial parking business" as used in this section, means
14 the ownership, lease, operation, or management of a commercial parking
15 lot in which fees are charged. "Commercial parking lot" means a
16 covered or uncovered area with stalls for the purpose of parking motor
17 vehicles.

18 (4) The rate of the tax under subsection (1) of this section may be
19 based either upon gross proceeds or the number of vehicle stalls
20 available for commercial parking use. The rates charged must be
21 uniform for the same class or type of commercial parking business.

22 (5) The county, city, or district levying the tax provided for in
23 subsection (1) or (2) of this section may provide for its payment on a
24 monthly, quarterly, or annual basis. Each local government may develop
25 by ordinance or resolution rules for administering the tax, including
26 provisions for reporting by commercial parking businesses, collection,
27 and enforcement.

28 (6) The proceeds of the commercial parking tax fixed and imposed by
29 a city or county under subsection (1) or (2) of this section shall be
30 used (~~strictly~~) for transportation purposes in accordance with RCW
31 82.80.070 or for transportation improvements in accordance with chapter
32 36.73 RCW. The proceeds of the parking tax imposed by a district must
33 be used as provided in chapter 36.120 RCW.

34 NEW SECTION. Sec. 25. A new section is added to chapter 47.56 RCW
35 to read as follows:

36 Subject to the provisions under chapter 36.73 RCW, a transportation
37 benefit district may authorize vehicle tolls on state routes or federal

1 highways, city streets, or county roads, within the boundaries of the
2 district, unless otherwise prohibited by law. The department of
3 transportation shall administer the collection of vehicle tolls
4 authorized on state routes or federal highways, unless otherwise
5 specified in law or by contract, and the state transportation
6 commission, or its successor, may approve, set, and impose the tolls in
7 amounts sufficient to implement the district's transportation
8 improvement finance plan. The district shall administer the collection
9 of vehicle tolls authorized on city streets or county roads, and shall
10 set and impose the tolls, only with approval of the transportation
11 commission, in amounts sufficient to implement the district's
12 transportation improvement plan. Tolls may vary for type of vehicle,
13 for time of day, for traffic conditions, and/or other factors designed
14 to improve performance of the facility or the transportation network.

15 NEW SECTION. **Sec. 26.** This act takes effect August 1, 2005.

Passed by the Senate April 23, 2005.

Passed by the House April 22, 2005.

Approved by the Governor May 9, 2005, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 9, 2005.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 23, Substitute
Senate Bill No. 5177 entitled:

"AN ACT Relating to transportation benefit districts."

Section 23 of Substitute Senate Bill No. 5177 transfers the authority
for approving construction of toll roads from the Department of
Transportation (Department) to the Transportation Commission
(Commission). Now that the Commission no longer possesses oversight
authority, and the Department is now a cabinet level agency, it is
inappropriate for the Commission to be approving construction of
transportation facilities.

For these reasons, I have vetoed Section 23 of Substitute Senate Bill
No. 5177.

With the exception of Section 23, Substitute Senate Bill No. 5177 is
approved."