

# HOUSE BILL REPORT

## SB 5540

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### As Passed House:

April 17, 2009

**Title:** An act relating to high capacity transportation service.

**Brief Description:** Establishing high capacity transportation corridor areas.

**Sponsors:** Senators Pridemore, Hargrove, Marr, Shin and Haugen.

### Brief History:

#### Committee Activity:

Transportation: 3/16/09, 3/23/09 [DP].

#### Floor Activity

Passed House: 4/17/09, 52-45.

### Brief Summary of Bill

- Allows certain transit agencies to establish one or more high capacity transportation corridor areas within the transit agency's boundaries for the purpose of providing high capacity transportation (HCT) service.
- Authorizes the transit agency to finance the HCT system through voter-approved revenue measures that are in addition to revenue measures authorized for other public transportation purposes.
- Provides that the governing body of a HCTCA may obtain voter approval of high capacity transportation taxes only one time, even if there remains additional taxing authority, and may not submit an authorizing proposition for voter-approved taxes until July 1, 2012.
- Establishes that general obligation bonds with a maturity in excess of 25 years may not be issues.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 16 members: Representatives Clibborn, Chair; Liias, Vice Chair; Campbell, Eddy, Finn, Flannigan, Moeller, Rolfes, Sells, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass. Signed by 11 members: Representatives Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Cox, Driscoll, Ericksen, Herrera, Johnson, Klippert, Kristiansen and Shea.

**Staff:** Kathryn Leathers (786-7114)

**Background:**

In the central Puget Sound region, high capacity transportation (HCT) systems may be established and financed by a regional transit authority (Sound Transit). Outside of the central Puget Sound region, HCT systems may be established by certain transit agencies only in Clark, Spokane, Thurston, Whatcom, and Yakima counties.

High capacity transportation service means a system of public transportation services within an urbanized region operating principally on exclusive rights of way, and the supporting services and facilities necessary to implement the system, including interim express services and high occupancy vehicle lanes, which, taken as a whole, provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways.

Transit agencies authorized to provide HCT service may seek to finance the system and service with the following voter-approved revenue measures:

- an employer tax of up to \$2 per month per employee;
- rental car sales and use tax not to exceed 2.172 percent; and
- sales and use tax not to exceed 0.9 percent.

To assure development of an effective HCT system, the local authority must establish a system and financing plan, and must provide for public involvement. In addition, an expert review panel must be appointed to provide independent technical review for development of any plan which is to be funded in whole or part by HCT voter-approved taxes. The state's role in HCT planning is to facilitate cooperative state and local planning efforts, and to provide system and project planning review and monitoring in cooperation with the expert review panel.

In general, most transit agencies, like public transportation benefit areas and county transportation authorities, are authorized to impose a sales and use tax of up to 0.9 percent with voter approval for the purpose of funding public transportation services.

**Summary of Bill:**

Certain transit agencies are authorized to create one or more high capacity transportation corridor areas (HCTCA or corridor area) within their existing boundaries for the purpose of establishing, financing, and operating high capacity transportation (HCT) services. Based on population and geographic requirements, HCTCAs are authorized to be created by transit agencies in Clark and Spokane counties.

A HCTCA is a quasi-municipal corporation and independent taxing authority, and is governed by the existing governing body of the transit agency authorized to create the

corridor area. The boundaries of a corridor area may include all or a portion of a city or town if the portion to be included in the corridor area is within the transit agency's boundaries. A HCTCA possesses the same taxing authority available to any agency authorized to establish and finance a HCT system (employer tax or up to \$2 per month per employee; rental car tax up to 2.172 percent; and sales and use tax of up to 0.9 percent), all of which require voter approval.

Voter-approved taxes imposed for HCT purposes are in addition to the voter-approved taxes permitted to be imposed by a transit agency for other public transportation purposes. If more than one corridor area is created within an authorized transit agency's boundaries, combined HCT taxes may not exceed the maximum rates authorized for the HCT systems. The governing body of a HCTCA may obtain voter approval of high capacity transportation taxes only one time, even if there remains additional taxing authority, and may not submit an authorizing proposition for voter-approved taxes until July 1, 2012. A corridor area may also issue general obligation and revenue bonds. General obligation bonds with a maturity in excess of 25 years may not be issued.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is an expansion of existing authority used in the Puget Sound region for high capacity transportation (HCT), and the only difference is that this allows for smaller districts to be created.

The interest for this authority in Vancouver is related to the Columbia River Crossing project. Light rail is currently the preferred alternative for the Columbia River Crossing project, but a final decision has not been made and could be to provide bus rapid transit service. A Clark County vote in 1995 for high capacity transit failed, and the process since that time has been to address all of the concerns raised in that failed vote. This proposal allows voters to choose whether or not to approve a new tax to support the local share of this option. Other options to fund HCT are being considered. For the Columbia River Crossing project, the timeline is probably out several years, and this is an important piece of the finance puzzle. There are three funding components: state, federal, and local. It is important to have this option available now, so that local jurisdictions have the authority to move forward when they are ready. The preferred alternative was reached after three years of work by a group convened by the governors of both states. This issue on the table now is formation of the district, and that will take time to sort out because there is a need to establish a nexus between the boundaries and the service.

The Federal Highway Administration has referred to this project as "the new frontier in transportation." They indicated that all of the science supports the locally-preferred alternative. This project includes all the necessary components, including HCT in the form

of light rail, and all components must be there in order to get federal funding support. With a New Start authorization, it is anticipated that the entire cost to construct the light rail will be paid for by the Federal Transit Administration. In Vancouver, they are looking at this local option tool as a way to pay for operating and maintenance costs. Some aspects of construction could begin as early as 2012, which would be an unprecedented economic driver by bringing the largest public works project to southwest Washington and would create about 40,000 jobs.

(Opposed) None.

**Persons Testifying:** Senator Pridemore, prime sponsor; Scott Patterson, Clark County Transit; Mark Brown, City of Vancouver; Bill Fromhold, Columbia River Crossing Coalition; and Rick Wickman, Identity Clark County.

**Persons Signed In To Testify But Not Testifying:** None.