

# SENATE BILL REPORT

## SB 5906

As of March 28, 2017

**Title:** An act relating to establishing a regional transit authority rebate program for low-income individuals.

**Brief Description:** Establishing a regional transit authority rebate program for low-income individuals.

**Sponsors:** Senators Saldaña, Palumbo, Wellman, Liias, Hobbs, Conway, Darneille and Keiser.

**Brief History:**

**Committee Activity:** Transportation: 3/27/17.

### Brief Summary of Bill

- Establishes a rebate program that a Regional Transit Authority (RTA) may use to provide up to a 40 percent rebate on Motor Vehicle Exercise Tax and/or property taxes paid to an RTA.

## SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Hayley Gamble (786-7452)

**Background:** An RTA is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus service and light rail. There is currently one RTA—Sound Transit—which operates light rail, commuter rail, and express bus service in Puget Sound. Sound Transit currently imposes the following voter-approved taxes:

- 1.4 percent sales and use tax;
- 1.1 percent Motor Vehicle Exercise Tax (MVET);
- an annual \$0.25 per \$1,000 of assessed value property tax; and
- a rental car sales tax of 0.8 percent.

These tax rates include tax increases to fund a transit construction and operation program known as "ST3" approved by voters in November 2016 of:

- an additional 0.5 percent sales and use tax effective April 1, 2017;
- an additional 0.8 percent MVET beginning March 1, 2017; and
- a property tax of \$0.25 per \$1,000 of assessed valuation beginning January 1, 2017.

*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.*

**Summary of Bill:** An RTA may establish a rebate program for up to 40 percent of RTA imposed MVET or property tax, or both, paid by low income taxpayers. An RTA is responsible for the development of the rebate program and must work with the Department of Licensing on administration and costs. A rebate for property taxes may only be provided to individuals identified in RCW 84.36.381, which identifies specific calculations for income requirements.

Low income individual is defined as a person, family, or group of people living together whose income is at or below eighty percent of the median income.

An RTA may use funds collected from their sales and use tax, property tax or MVET for the rebate program.

If a rebate program is established, an RTA must report back to the Legislature on various aspects of the program within two years of the program taking effect.

**Appropriation:** None.

**Fiscal Note:** Requested on March 23, 2017.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: There is a difference between equality and equity, and this gets to the sticker shock of the MVET tax. For example, a disabled person may need an expensive vehicle but their income is fixed. While we do not use roads every day, we do need them and we do need to pay taxes. We need to maintain choices and allow people to pay what they can.

OTHER: This is a potential tool and Sound Transit appreciates the flexibility of the bill. We want to make sure the right language is included. This would be a new program, a new tool for Sound Transit, and we are hopeful that a rebate could be developed that would not impact bond ratings.

**Persons Testifying:** PRO: Senator Rebecca Saldaña, Prime Sponsor; Ricardo Gotla, Transportation Choices Coalition.

OTHER: Claudia Balducci, Sound Transit/King County Councilmember; Tim Gould, Sierra Club.

**Persons Signed In To Testify But Not Testifying:** No one.