
SUBSTITUTE SENATE BILL 5955

State of Washington

65th Legislature

2018 Regular Session

By Senate Transportation (originally sponsored by Senators Kuderer, Wellman, Keiser, Hobbs, Palumbo, Mullet, Liias, Chase, Hasegawa, Darneille, Conway, Cleveland, Nelson, Billig, and Takko)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to the collection of certain taxes and fees as a
2 result of a high capacity transit system approved by the voters of a
3 regional transit authority in 2016; amending RCW 82.44.135 and
4 81.112.360; adding a new section to chapter 82.44 RCW; adding new
5 sections to chapter 81.112 RCW; adding a new section to chapter 36.01
6 RCW; creating a new section; and declaring an emergency.

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

8 **Sec. 1.** RCW 82.44.135 and 2006 c 318 s 9 are each amended to
9 read as follows:

10 (1) Before a local government subject to this chapter may impose
11 a motor vehicle excise tax, the local government must contract with
12 the department for the collection of the tax. Except as otherwise
13 provided in this section, the department may charge a reasonable
14 amount, not to exceed one percent of tax collections, for the
15 administration and collection of the tax.

16 (2) Any contract entered into with a regional transit authority
17 for the collection of a motor vehicle excise tax must provide that
18 the department receives full reimbursement for the administration and
19 collection of the tax, including those costs related to customer
20 service and information technology.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.44
2 RCW to read as follows:

3 If the department enters into a contract with a regional transit
4 authority for the collection of a motor vehicle excise tax authorized
5 in RCW 81.104.160(1), and after the regional transit authority
6 implements a market value adjustment program as directed in section 3
7 of this act, the department must clearly indicate, when issuing
8 notices to persons renewing vehicle registrations under RCW
9 46.16A.110, the net result after application of the credit. The
10 department must include as part of the notices an insert that
11 provides a description of the market value adjustment program and how
12 it affects taxpayers generally.

13 NEW SECTION. **Sec. 3.** A new section is added to chapter 81.112
14 RCW to read as follows:

15 (1) A regional transit authority that includes portions of a
16 county with a population of more than one million five hundred
17 thousand and that imposes a motor vehicle excise tax under RCW
18 81.104.160(1) must establish a market value adjustment program to be
19 implemented for vehicles with registrations that are due or become
20 due on or after September 1, 2018.

21 (2) Under the market value adjustment program, the authority must
22 provide a credit against the motor vehicle excise tax due in an
23 amount equal to the tax due under RCW 81.104.160(1) calculated using
24 the vehicle valuation methodology authorized under RCW 81.104.160(1),
25 less the tax otherwise due calculated using the vehicle valuation
26 schedule of percentages in RCW 82.44.035, as applied to eighty-five
27 percent of the value of the vehicle, if the resulting difference is
28 positive.

29 (3) The program may be funded by any resources available to the
30 authority including, but not limited to:

- 31 (a) Unrestricted tax proceeds or other revenues; and
32 (b) Savings from the delivery of projects.

33 (4)(a) The program must be implemented in a manner that allows
34 the delivery of the system and financing plan approved by the
35 authority's voters in 2016 to the extent practicable. Building on
36 past and ongoing cost-savings efforts, the agency must continue to
37 evaluate measures that may be needed to reduce costs. These measures
38 include, but are not limited to:

1 (i) Designing projects using the principles of practical design,
2 as described for use by the department of transportation under RCW
3 47.01.480;

4 (ii) Efficiencies realized in coordinating and integrating
5 activities with other transit agencies and local governments,
6 including through shared maintenance and operations, joint
7 procurement, joint marketing, joint customer services, and joint
8 capital projects; and

9 (iii) Revising project contingency budgets, if practicable.

10 (b) If, when implementing the program, the authority is not able
11 to deliver projects according to the system and financing plan
12 approved by the authority's voters in 2016, the authority must
13 identify savings and cost reductions, first, from projects other than
14 light rail projects and bus rapid transit projects, and second, from
15 light rail projects and bus rapid transit projects.

16 (5) Until the plan has been completed, the authority must submit
17 an annual report to the transportation committees of the legislature
18 by December 31st of each year on the status of the delivery of the
19 plan. The report must include detail on the extent to and manner in
20 which the authority has used cost savings to maintain the delivery of
21 the plan as approved by the voters.

22 (6) The department of licensing is authorized to make rules to
23 implement this section.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 81.112
25 RCW to read as follows:

26 (1) Beginning July 1, 2019, and continuing through the end of
27 June 2020, the authority must allow an additional one-time credit
28 against the motor vehicle excise tax due with respect to any vehicle
29 for which the 0.8 percent tax in RCW 81.104.160(1) was paid before
30 September 1, 2018. The one-time credit amount on the 0.8 percent tax
31 paid before September 1, 2018, must be calculated using the market
32 value adjustment program credit methodology in section 3 of this act,
33 except that the total amount of credit applied under this section and
34 section 3 of this act may not exceed the current motor vehicle excise
35 tax liability with respect to the vehicle. The authority may develop
36 a system for issuing one-time credits in consultation with the
37 department of licensing.

38 (2) The department of licensing is authorized to make rules to
39 implement this section.

1 **Sec. 5.** RCW 81.112.360 and 2015 3rd sp.s. c 44 s 422 are each
2 amended to read as follows:

3 (1) (~~Beginning January 1, 2017~~) After a regional transit
4 authority adopts a resolution affirming that payment of a sales and
5 use tax offset fee will not impact delivery of a regional transit
6 system plan approved by voters in 2016, and until the requirements in
7 subsection ~~((4))~~ (3) of this section are met, ~~((a))~~ the regional
8 transit authority must pay to the department of revenue, for deposit
9 into the Puget Sound taxpayer accountability account, a sales and use
10 tax offset fee.

11 (2) A sales and use tax offset fee is three and twenty-five one-
12 hundredths percent of the total payments made by the regional transit
13 authority to construction contractors on construction contracts that
14 are (a) for new projects identified in the system plan funded by any
15 proposition approved by voters after January 1, 2015, and (b)
16 excluded from the definition of retail sale under RCW 82.04.050(10).

17 ~~(3) ((Fees are due monthly by the twenty fifth day of the month,~~
18 ~~with respect to payments made to construction contractors during the~~
19 ~~previous month.~~

20 ~~(4))~~ A sales and use tax offset fee is due until the regional
21 transit authority has paid five hundred eighteen million dollars in
22 payments over a period of no more than five years.

23 ~~((5))~~ (4) Except as otherwise provided in this section, the
24 provisions of chapter 82.32 RCW apply to this section.

25 ~~((6))~~ (5) The department of revenue must oversee the collection
26 of the sales and use tax offset fee and may adopt rules necessary to
27 implement this section.

28 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.01
29 RCW to read as follows:

30 Any project permit requirement adopted by a county does not apply
31 to a regional transit authority light rail project, located in the
32 unincorporated area of the county, if the project is part of a system
33 plan approved by the voters of the regional transit authority after
34 January 1, 2016, and pursuant to chapter 81.112 RCW.

35 NEW SECTION. **Sec. 7.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the
37 remainder of the act or the application of the provision to other
38 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of
3 the state government and its existing public institutions, and takes
4 effect immediately.

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