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**HOUSE BILL 2123**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Pellicciotti, Leavitt, Kilduff, Entenman, Ryu, Goodman, Bergquist, Kloba, Slatter, Valdez, Springer, Pollet, Pettigrew, Kirby, Stanford, Lovick, Orwall, Davis, Hudgins, Ortiz-Self, Sullivan, Walen, Senn, Thai, Mead, Robinson, Peterson, Santos, Ramos, and Callan

AN ACT Relating to the collection of a motor vehicle excise tax approved by voters of a regional transit authority in 2016 by creating a market value adjustment program to provide a credit based on the difference between the vehicle valuation schedule used by the authority to determine the tax amount under current law and the vehicle valuation schedule in RCW 82.44.035 in a manner that limits the delay and diminution of the voter approved 2016 plan; amending RCW 82.44.135 and 47.12.120; adding a new section to chapter 82.44 RCW; adding a new section to chapter 81.112 RCW; and declaring an emergency.

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

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

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

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

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

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

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

(1) A regional transit authority that includes portions of a county with a population of more than one million five hundred thousand and that imposes a motor vehicle excise tax under RCW 81.104.160(1) must establish a market value adjustment program to be implemented for vehicles with registrations that are due or become due on or after January 1, 2020.

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

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

(a) Unrestricted tax proceeds or other revenues; and

(b) Savings from the delivery of projects.

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

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

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

(iii) Revising project contingency budgets, if practicable.

(b) If, when implementing the program, and after applying available resources under subsection (3) of this section and cost-savings measures under this subsection (4), the authority is not able to deliver projects according to the system and financing plan approved by the authority's voters in 2016, the authority must identify savings and cost reductions, first, from projects other than light rail projects and bus rapid transit projects, and is prohibited from eliminating light rail projects and bus rapid transit projects.

(5) Until the plan has been completed, the authority must submit an annual report to the transportation committees of the legislature by December 31st of each year on the status of the delivery of the plan. The report must include detail on the extent to and manner in which the authority has used cost savings to maintain the delivery of the plan as approved by the voters. The report must also include detail on the status of revenues received by the authority for the purposes of the plan, including anticipated federal funding and other revenues, as compared to actual revenues.

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

**Sec.**  RCW 47.12.120 and 2003 c 198 s 2 are each amended to read as follows:

The department may rent or lease any lands, improvements, or air space above or below any lands that are held for highway purposes but are not presently needed. The rental or lease:

(1) Must be upon such terms and conditions as the department may determine;

(2) Is subject to the provisions and requirements of zoning ordinances of political subdivisions of government;

(3) Includes lands used or to be used for both limited access and conventional highways that otherwise meet the requirements of this section; ((~~and~~))

(4) In the case of bus shelters provided by a local transit authority that include commercial advertising, may charge the transit authority only for commercial space; and

(5) In the case of lands for the development of a high capacity transportation system by a regional transit authority of facilities pursuant to a system plan adopted by the authority's voters after January 1, 2016, and before January 1, 2021, and pursuant to chapter 81.112 RCW, consideration for rental agreements or leases, executed on or after the effective date of this section and prior to January 1, 2042, must be the sum of:

(a) The percentage of the fair market rental or lease value equal to the percentage of state funds from the motor vehicle fund contributed to the total costs of acquisition of the lands; and

(b) The state share of the costs of any improvements made to the lands paid for from the motor vehicle fund that cannot otherwise be restored by the regional transit authority upon the department-approved mitigation.

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

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

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