

FINAL BILL REPORT

SHB 2760

C 241 L 94
Synopsis as Enacted

Brief Description: Authorizing sales tax equalization for transit systems.

By House Committee on Transportation (originally sponsored by Representatives R. Fisher, Zellinsky, Schmidt, Wood, Sheldon, R. Meyers, Jones, Sehlin and Kessler).

House Committee on Transportation
Senate Committee on Transportation

Background: Transit agencies are authorized to impose, with voter approval, a sales tax of up to 0.6 percent within their district. Of the 24 transit agencies in the state, 22 collect sales tax of from 0.1 percent to 0.6 percent.

Transit agencies also are eligible to receive revenue out of motor vehicle excise tax (MVET) revenues. The amount received is equal to one of the following, whichever is less: (1) 0.725 percent of vehicle value collected as MVET within the boundaries of the transit district, or (2) the amount of local revenue, generally sales tax, collected specifically for the transit agency.

The difference between what an agency could match at 0.815 percent MVET and what can be matched at 0.725 percent MVET is placed in one of two transit accounts: the Central Puget Sound public transportation account (CPSPTA) for transit districts in King, Pierce, Snohomish and Kitsap counties, and the public transportation systems account (PTSA) for districts in any other county.

An amount equivalent to 4.5 percent of the 0.725 percent MVET available to transit agencies in King, Pierce, Snohomish, Thurston, Clark, Kitsap, Yakima and Spokane counties is placed in the high capacity transportation account (HCTA).

The difference between the 0.815 percent MVET and the amount of MVET collectively going to the transit agency, the CPSPTA, the PTSA and the HCTA is referred to as the transit residual. The transit residual is deposited in the general fund. Effective July 1, 1995, the transit residual will be deposited in the transportation fund.

Cities and counties receive sales and use tax equalization payments out of MVET revenues.

Summary: Effective with distributions to transit agencies on January 1, 1996, sales and use tax equalization payments are made to transit agencies whose weighted average per capita sales and use tax collections were less than 80 percent of the overall statewide average during the preceding calendar year. Transit equalization is paid from MVET revenues and deducted from the transit residual. The amount of equalization paid to a transit agency is not restricted by the 0.725 percent MVET limit. Equalization payments to an agency are limited to 50 percent of their previous year's transit sales and use tax collections. For newly established transit agencies and existing agencies imposing the transit sales tax after January 1, 1995, equalization payments are prorated by the number of months the agency has collected sales and use tax. A transit agency that decreases its sales and use tax rate after January 1, 1994, is not eligible for equalization payments.

Votes on Final Passage:

House	66	28	
Senate	35	12	(Senate amended)
House			(House refused to concur)

Conference Committee

Senate	35	10
House	89	6

Effective: June 9, 1994