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SENATE BILL 6761

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State of Washington                      54th Legislature                      1996 Regular Session

By Senators Thibaudeau, Owen and Prentice

Read first time 02/02/96. Referred to Committee on Transportation.

1            AN ACT Relating to city and town transportation financing; amending  
2 RCW 84.52.010, 84.52.043, 84.52.105, 84.52.120, 82.80.060, and  
3 82.80.070; creating a new section; and repealing RCW 82.80.050.

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

5            NEW SECTION.    **Sec. 1.** The legislature recognizes that cities and  
6 towns throughout the state face a crisis in their ability to meet  
7 growing local transportation needs, due in part to a recent decision of  
8 the state supreme court that invalidated street utility charges under  
9 the authority of chapter 141, Laws of 1991, RCW 82.80.050. The  
10 legislature intends to assist cities and towns with replacing the local  
11 funding that would have been available to them had RCW 82.80.050 been  
12 upheld, by providing cities and towns with a choice of either obtaining  
13 voter approval for additional regular property taxes already allowed by  
14 RCW 84.52.105 and using those taxes for transportation purposes or  
15 utilizing, with voter approval, regular property tax capacity that is  
16 available for, but not utilized by, special purpose districts, or some  
17 combination of the two, not to exceed in any event fifty cents per  
18 thousand dollars of assessed valuation. The legislature further  
19 intends that allowing these shifts in potential uses of existing taxing

1 authority will not result in displacing tax levies by other taxing  
2 districts but will be available to cities and towns only to the extent  
3 that it is not utilized by other districts.

4 **Sec. 2.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended  
5 to read as follows:

6 Except as is permitted under RCW 84.55.050, all taxes shall be  
7 levied or voted in specific amounts.

8 The rate percent of all taxes for state and county purposes, and  
9 purposes of taxing districts coextensive with the county, shall be  
10 determined, calculated and fixed by the county assessors of the  
11 respective counties, within the limitations provided by law, upon the  
12 assessed valuation of the property of the county, as shown by the  
13 completed tax rolls of the county, and the rate percent of all taxes  
14 levied for purposes of taxing districts within any county shall be  
15 determined, calculated and fixed by the county assessors of the  
16 respective counties, within the limitations provided by law, upon the  
17 assessed valuation of the property of the taxing districts  
18 respectively.

19 When a county assessor finds that the aggregate rate of tax levy on  
20 any property, that is subject to the limitations set forth in RCW  
21 84.52.043 or 84.52.050, exceeds the limitations provided in either of  
22 these sections, the assessor shall recompute and establish a  
23 consolidated levy in the following manner:

24 (1) The full certified rates of tax levy for state, county, county  
25 road district, and city or town purposes shall be extended on the tax  
26 rolls in amounts not exceeding the limitations established by law;  
27 however any state levy shall take precedence over all other levies and  
28 shall not be reduced for any purpose other than that required by RCW  
29 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,  
30 84.34.230, the portion of the levy by a metropolitan park district that  
31 was protected under RCW 84.52.120, and 84.52.105, the combined rate of  
32 regular property tax levies that are subject to the one percent  
33 limitation exceeds one percent of the true and fair value of any  
34 property, then these levies shall be reduced as follows: (a) The  
35 portion of the levy by a metropolitan park district that is protected  
36 under RCW 84.52.120 shall be reduced until the combined rate no longer  
37 exceeds one percent of the true and fair value of any property or shall  
38 be eliminated; (b) if the combined rate of regular property tax levies

1 that are subject to the one percent limitation still exceeds one  
2 percent of the true and fair value of any property, then the levy  
3 imposed under RCW 84.52.105(4) shall be reduced on a pro rata basis  
4 until the combined rate no longer exceeds one percent of the true and  
5 fair value of any property or shall be eliminated; (c) if the combined  
6 rate of regular property tax levies that are subject to the one percent  
7 limitation still exceeds one percent of the true and fair value of any  
8 property, then the levies imposed under RCW 84.34.230, 84.52.105 (1)  
9 through (3), and any portion of the levy imposed under RCW 84.52.069  
10 that is in excess of thirty cents per thousand dollars of assessed  
11 value, shall be reduced on a pro rata basis until the combined rate no  
12 longer exceeds one percent of the true and fair value of any property  
13 or shall be eliminated; and ~~((e))~~ (d) if the combined rate of regular  
14 property tax levies that are subject to the one percent limitation  
15 still exceeds one percent of the true and fair value of any property,  
16 then the thirty cents per thousand dollars of assessed value of tax  
17 levy imposed under RCW 84.52.069 shall be reduced until the combined  
18 rate no longer exceeds one percent of the true and fair value of any  
19 property or eliminated.

20 (2) The certified rates of tax levy subject to these limitations by  
21 all junior taxing districts, cities, and towns imposing taxes on such  
22 property shall be reduced or eliminated as follows to bring the  
23 consolidated levy of taxes on such property within the provisions of  
24 these limitations:

25 (a) First, the certified levy of a city or town, to the extent the  
26 levy required authorization by the voters under the last sentence of  
27 RCW 84.52.043(1), shall be reduced or eliminated;

28 (b) Second, the certified property tax levy rates of those junior  
29 taxing districts authorized under RCW 36.68.525, 36.69.145, and  
30 67.38.130 shall be reduced on a pro rata basis or eliminated;

31 ~~((b) Second))~~ (c) Third, if the consolidated tax levy rate still  
32 exceeds these limitations, the certified property tax levy rates of  
33 flood control zone districts shall be reduced on a pro rata basis or  
34 eliminated;

35 ~~((e) Third))~~ (d) Fourth, if the consolidated tax levy rate still  
36 exceeds these limitations, the certified property tax levy rates of all  
37 other junior taxing districts, other than fire protection districts,  
38 library districts, the first fifty cent per thousand dollars of  
39 assessed valuation levies for metropolitan park districts, and the

1 first fifty cent per thousand dollars of assessed valuation levies for  
2 public hospital districts, shall be reduced on a pro rata basis or  
3 eliminated;

4 (~~((d) Fourth))~~ (e) Fifth, if the consolidated tax levy rate still  
5 exceeds these limitations, the certified property tax levy rates  
6 authorized to fire protection districts under RCW 52.16.140 and  
7 52.16.160 shall be reduced on a pro rata basis or eliminated; and

8 (~~((e) Fifth))~~ (f) Sixth, if the consolidated tax levy rate still  
9 exceeds these limitations, the certified property tax levy rates  
10 authorized for fire protection districts under RCW 52.16.130, library  
11 districts, metropolitan park districts under their first fifty cent per  
12 thousand dollars of assessed valuation levy, and public hospital  
13 districts under their first fifty cent per thousand dollars of assessed  
14 valuation levy, shall be reduced on a pro rata basis or eliminated.

15 In determining whether the aggregate rate of tax levy on any  
16 property, that is subject to the limitations set forth in RCW  
17 84.52.050, exceeds the limitations provided in that section, the  
18 assessor shall use the hypothetical state levy, as apportioned to the  
19 county under RCW 84.48.080, that was computed under RCW 84.48.080  
20 without regard to the reduction under RCW 84.55.012.

21 **Sec. 3.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read  
22 as follows:

23 Within and subject to the limitations imposed by RCW 84.52.050 as  
24 amended, the regular ad valorem tax levies upon real and personal  
25 property by the taxing districts hereafter named shall be as follows:

26 (1) Levies of the senior taxing districts shall be as follows: (a)  
27 The levy by the state shall not exceed three dollars and sixty cents  
28 per thousand dollars of assessed value adjusted to the state equalized  
29 value in accordance with the indicated ratio fixed by the state  
30 department of revenue to be used exclusively for the support of the  
31 common schools; (b) the levy by any county shall not exceed one dollar  
32 and eighty cents per thousand dollars of assessed value; (c) the levy  
33 by any road district shall not exceed two dollars and twenty-five cents  
34 per thousand dollars of assessed value; and (d) the levy by any city or  
35 town shall not exceed three dollars and thirty-seven and one-half cents  
36 per thousand dollars of assessed value. However any county is hereby  
37 authorized to increase its levy from one dollar and eighty cents to a  
38 rate not to exceed two dollars and forty-seven and one-half cents per

1 thousand dollars of assessed value for general county purposes if the  
2 total levies for both the county and any road district within the  
3 county do not exceed four dollars and five cents per thousand dollars  
4 of assessed value, and no other taxing district has its levy reduced as  
5 a result of the increased county levy. Moreover, any city or town is  
6 hereby authorized to increase its levy to a rate not to exceed three  
7 dollars and eighty-seven and one-half cents per thousand dollars of  
8 assessed value, in addition to any levy authorized under chapter 41.16  
9 RCW, for transportation purposes if approved by a majority of its  
10 voters voting at an election held any time within ten years prior to  
11 the imposition of the levy, but only to the extent that no other taxing  
12 district will have its levy reduced as a result of the increased city  
13 or town levy.

14 (2) The aggregate levies of junior taxing districts and senior  
15 taxing districts, other than the state, shall not exceed five dollars  
16 and ninety cents per thousand dollars of assessed valuation. The term  
17 "junior taxing districts" includes all taxing districts other than the  
18 state, counties, road districts, cities, towns, port districts, and  
19 public utility districts. The limitations provided in this subsection  
20 shall not apply to: (a) Levies at the rates provided by existing law  
21 by or for any port or public utility district; (b) excess property tax  
22 levies authorized in Article VII, section 2 of the state Constitution;  
23 (c) levies for acquiring conservation futures as authorized under RCW  
24 84.34.230; (d) levies for emergency medical care or emergency medical  
25 services imposed under RCW 84.52.069; (e) levies ~~((to finance~~  
26 ~~affordable housing for very low income housing))~~ imposed under RCW  
27 84.52.105; and (f) the portions of levies by metropolitan park  
28 districts that are protected under RCW 84.52.120.

29 **Sec. 4.** RCW 84.52.105 and 1995 c 318 s 10 are each amended to read  
30 as follows:

31 (1) A county, city, or town may impose additional regular property  
32 tax levies of up to fifty cents per thousand dollars of assessed value  
33 of property in each year for up to ten consecutive years to finance  
34 affordable housing for very low-income households when specifically  
35 authorized to do so by a majority of the voters of the taxing district  
36 voting on a ballot proposition authorizing the levies. If both a  
37 county, and a city or town within the county, impose levies authorized  
38 under this section, the levies of the last jurisdiction to receive

1 voter approval for the levies shall be reduced or eliminated so that  
2 the combined rates of these levies may not exceed fifty cents per  
3 thousand dollars of assessed valuation in any area within the county.  
4 A ballot proposition authorizing a levy under this section must conform  
5 with RCW 84.52.054.

6 (2) The additional property tax levies may not be imposed until:

7 (a) The governing body of the county, city, or town declares the  
8 existence of an emergency with respect to the availability of housing  
9 that is affordable to very low-income households in the taxing  
10 district; and

11 (b) The governing body of the county, city, or town adopts an  
12 affordable housing financing plan to serve as the plan for expenditure  
13 of funds raised by a levy authorized under this section, and the  
14 governing body determines that the affordable housing financing plan is  
15 consistent with either the locally adopted or state-adopted  
16 comprehensive housing affordability strategy, required under the  
17 Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec.  
18 12701, et seq.), as amended.

19 (3) For purposes of this section, the term "very low-income  
20 household" means a single person, family, or unrelated persons living  
21 together whose income is at or below fifty percent of the median  
22 income, as determined by the United States department of housing and  
23 urban development, with adjustments for household size, for the county  
24 where the taxing district is located.

25 (4) Any city or town that does not levy the entire amount of  
26 additional regular property taxes available under the last sentence of  
27 RCW 84.52.043(1) may levy taxes under this section for up to ten  
28 consecutive years to be used for transportation purposes if authorized  
29 by a majority of the voters of the city or town voting on a ballot  
30 proposition authorizing the levies. The combined additional levies of  
31 any city or town under this subsection and the last sentence of RCW  
32 84.52.043(1) may not exceed fifty cents per thousand dollars of  
33 assessed valuation. If a county in which the city or town is located  
34 imposes a tax under subsections (1) through (3) of this section, a levy  
35 by a city or town authorized under this subsection shall be reduced or  
36 eliminated so that the combined rates of these levies shall not exceed  
37 fifty cents per thousand dollars of assessed valuation in any area  
38 within the county.

1       (5) The limitations in RCW 84.52.043 shall not apply to the tax  
2       (~~levy~~) levies authorized in this section.

3       **Sec. 5.** RCW 84.52.120 and 1995 c 99 s 1 are each amended to read  
4 as follows:

5       A metropolitan park district with a population of one hundred fifty  
6 thousand or more may submit a ballot proposition to voters of the  
7 district authorizing the protection of the district's tax levy from  
8 prorationing under RCW 84.52.010(2) by imposing all or any portion of  
9 the district's twenty-five cent per thousand dollars of assessed  
10 valuation tax levy outside of the five dollar and ninety cent per  
11 thousand dollar of assessed valuation limitation established under RCW  
12 84.52.043(2), if those taxes otherwise would be prorated under RCW  
13 84.52.010(2)(~~(e)~~) (d), for taxes imposed in any year on or before the  
14 first day of January six years after the ballot proposition is  
15 approved. A simple majority vote of voters voting on the proposition  
16 is required for approval.

17       **Sec. 6.** RCW 82.80.060 and 1991 c 141 s 3 are each amended to read  
18 as follows:

19       The city or town electing to own, construct, maintain, operate, and  
20 preserve its streets and related facilities as a utility under this  
21 chapter may finance the construction, operation, maintenance, and  
22 preservation through local improvement districts, utility local  
23 improvement districts, or with proceeds from general obligation bonds  
24 and revenue bonds payable from the charges issued in accordance with  
25 chapter 35.41, 35.92, or 39.46 RCW, or any combination thereof. The  
26 city or town may use(~~(, in addition to the charges authorized by RCW~~  
27 ~~82.80.050,)~~) funds from general taxation, money received from the  
28 federal, state, or other local governments, and other funds made  
29 available to it. (~~The proceeds of the charges authorized by RCW~~  
30 ~~82.80.050 shall be used strictly for transportation purposes in~~  
31 ~~accordance with this chapter and RCW 82.80.070.)~~)

32       **Sec. 7.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to read  
33 as follows:

34       (1) The proceeds collected pursuant to the exercise of the local  
35 option authority of RCW 82.80.010, 82.80.020, and 82.80.030(~~(, and~~  
36 ~~82.80.050—(hereafter))~~), called in this section "local option

1 transportation revenues, "((+)) shall be used for transportation  
2 purposes only, including but not limited to the following: The  
3 operation and preservation of roads, streets, and other transportation  
4 improvements; new construction, reconstruction, and expansion of city  
5 streets, county roads, and state highways and other transportation  
6 improvements; development and implementation of public transportation  
7 and high-capacity transit improvements and programs; and planning,  
8 design, and acquisition of right of way and sites for such  
9 transportation purposes. The proceeds collected from excise taxes on  
10 the sale, distribution, or use of motor vehicle fuel and special fuel  
11 under RCW 82.80.010 shall be used exclusively for "highway purposes" as  
12 that term is construed in Article II, section 40 of the state  
13 Constitution.

14 (2) The local option transportation revenues shall be expended for  
15 transportation uses consistent with the adopted transportation and land  
16 use plans of the jurisdiction expending the funds and consistent with  
17 any applicable and adopted regional transportation plan for  
18 metropolitan planning areas.

19 (3) Each local government with a population greater than eight  
20 thousand that levies or expends local option transportation funds, is  
21 also required to develop and adopt a specific transportation program  
22 that contains the following elements:

23 (a) The program shall identify the geographic boundaries of the  
24 entire area or areas within which local option transportation revenues  
25 will be levied and expended.

26 (b) The program shall be based on an adopted transportation plan  
27 for the geographic areas covered and shall identify the proposed  
28 operation and construction of transportation improvements and services  
29 in the designated plan area intended to be funded in whole or in part  
30 by local option transportation revenues and shall identify the annual  
31 costs applicable to the program.

32 (c) The program shall indicate how the local transportation plan is  
33 coordinated with applicable transportation plans for the region and for  
34 adjacent jurisdictions.

35 (d) The program shall include at least a six-year funding plan,  
36 updated annually, identifying the specific public and private sources  
37 and amounts of revenue necessary to fund the program. The program  
38 shall include a proposed schedule for construction of projects and  
39 expenditure of revenues. The funding plan shall consider the

1 additional local tax revenue estimated to be generated by new  
2 development within the plan area if all or a portion of the additional  
3 revenue is proposed to be earmarked as future appropriations for  
4 transportation improvements in the program.

5 (4) Local governments with a population greater than eight thousand  
6 exercising the authority for local option transportation funds shall  
7 periodically review and update their transportation program to ensure  
8 that it is consistent with applicable local and regional transportation  
9 and land use plans and within the means of estimated public and private  
10 revenue available.

11 (5) In the case of expenditure for new or expanded transportation  
12 facilities, improvements, and services, priorities in the use of local  
13 option transportation revenues shall be identified in the  
14 transportation program and expenditures shall be made based upon the  
15 following criteria, which are stated in descending order of weight to  
16 be attributed:

17 (a) First, the project serves a multijurisdictional function;

18 (b) Second, it is necessitated by existing or reasonably  
19 foreseeable congestion;

20 (c) Third, it has the greatest person-carrying capacity;

21 (d) Fourth, it is partially funded by other government funds, such  
22 as from the state transportation improvement board, or by private  
23 sector contributions, such as those from the local transportation act,  
24 chapter 39.92 RCW; and

25 (e) Fifth, it meets such other criteria as the local government  
26 determines is appropriate.

27 (6) It is the intent of the legislature that as a condition of  
28 levying, receiving, and expending local option transportation revenues,  
29 no local government agency use the revenues to replace, divert, or loan  
30 any revenues currently being used for transportation purposes to  
31 nontransportation purposes. The association of Washington cities and  
32 the Washington state association of counties, in consultation with the  
33 legislative transportation committee, shall study the issue of  
34 nondiversion and make recommendations to the legislative transportation  
35 committee for language implementing the intent of this section by  
36 December 1, 1990.

37 (7) Local governments are encouraged to enter into interlocal  
38 agreements to jointly develop and adopt with other local governments

1 the transportation programs required by this section for the purpose of  
2 accomplishing regional transportation planning and development.

3 (8) Local governments may use all or a part of the local option  
4 transportation revenues for the amortization of local government  
5 general obligation and revenue bonds issued for transportation purposes  
6 consistent with the requirements of this section.

7 NEW SECTION. **Sec. 8.** RCW 82.80.050 and 1991 c 141 s 2 are each  
8 repealed.

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