
ENGROSSED SUBSTITUTE HOUSE BILL 2969

State of Washington

57th Legislature

2002 Regular Session

By House Committee on Transportation (originally sponsored by Representative Fisher)

Read first time 02/27/2002. Referred to Committee on .

1 AN ACT Relating to transportation improvement and financing;
2 amending RCW 46.16.070, 46.68.035, 82.38.030, 82.38.035, 82.38.045,
3 82.38.047, 82.38.075, 46.09.170, 46.10.170, 79A.25.070, 82.08.020,
4 82.12.020, and 39.42.060; reenacting and amending RCW 82.36.025,
5 46.68.090, and 43.84.092; adding a new section to chapter 46.68 RCW;
6 adding new sections to chapter 47.10 RCW; adding a new chapter to Title
7 47 RCW; creating new sections; providing an effective date; providing
8 for submission of this act to a vote of the people; and declaring an
9 emergency.

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

11 **PART I - ACCOUNTABILITY FOR TRANSPORTATION PROJECTS AND PROGRAMS**

12 NEW SECTION. **Sec. 101.** It is essential that the legislature
13 improve the accountability and efficiency of the department of
14 transportation. Taxpayers must know that their tax dollars are being
15 well spent to deliver critically needed transportation projects. To
16 accomplish this, an independent transportation accountability board
17 must be established to provide citizen oversight on these
18 transportation projects. The board will report back to the public on

1 how their tax dollars are spent on projects funded by new
2 transportation taxes.

3 NEW SECTION. **Sec. 102.** (1) The transportation accountability
4 board is created.

5 (2) The board will consist of no fewer than five and no more than
6 nine members appointed by the governor for terms of four years, except
7 that at least half the members initially appointed will be appointed
8 for terms of two years. The members of the board must be chosen so the
9 council will have experience and expertise relating to major civil
10 engineering and construction works and facilities to include: (a)
11 Design, estimating, contract packaging, and procurement; (b)
12 construction means and methods and construction management and
13 administration; (c) project finance, accounting, controls, and
14 reporting; (d) procedures for obtaining permits and for assuring
15 regulatory compliance; (e) dispute resolution; (f) construction work
16 force training and safety; (g) general public administration; and (h)
17 experience crafting and implementing environmental mitigation plans.
18 The governor shall designate one of the appointees as chairman, and may
19 draw on members of the Blue Ribbon Commission on Transportation for
20 initial appointees.

21 (3) The governor may not remove members from the board before the
22 expiration of their terms unless for cause based upon a determination
23 of incapacity, incompetence, neglect of duty, or malfeasance in office
24 by the Thurston county superior court, upon petition and show cause
25 proceedings brought for that purpose in that court and directed to the
26 board member in question.

27 (4) No member may be appointed for more than three consecutive
28 terms.

29 NEW SECTION. **Sec. 103.** (1) The board shall meet periodically upon
30 the call of the chairman. It may adopt its own rules and may establish
31 its own procedures. It shall act collectively in harmony with recorded
32 resolutions or motions adopted by a majority vote of the members.

33 (2) Each member of the board will be compensated in accordance with
34 RCW 43.03.250 and reimbursed for actual necessary traveling and other
35 expenses in going to, attending, and returning from meetings of the
36 board or that are incurred in the discharge of duties requested by the
37 chairman. However, in no event may a board member be compensated in

1 any year for more than one hundred twenty days, except the chairman may
2 be compensated for not more than one hundred fifty days. Service on
3 the board does not qualify as a service credit for the purposes of a
4 public retirement system.

5 (3) The board shall keep proper records and is subject to audit by
6 the state auditor or other auditing entities.

7 NEW SECTION. **Sec. 104.** (1) Staff support to the board must be
8 provided by the joint legislative audit and review committee, which
9 shall provide professional support for the duties, functions,
10 responsibilities, and activities of the board, including but not
11 limited to information technology systems; data collection, processing,
12 analysis, and reporting; project management; and office space,
13 equipment, and secretarial support.

14 (2) The board may from time to time retain planners, consultants,
15 and other technical personnel to advise it in the performance of its
16 duties.

17 NEW SECTION. **Sec. 105.** The transportation accountability board
18 shall serve as a single, independent point of accountability for
19 reporting, analyzing, and monitoring the department's performance in
20 delivering improvement projects and programs funded with new revenues.
21 The department of transportation and the transportation commission must
22 work cooperatively with the board to carry out the purposes of this
23 chapter. The board has the following responsibilities:

24 (1) Direct the department of transportation to submit a quarterly
25 audit report as required under section 106 of this act;

26 (2) Report annually to the governor and the legislature on the
27 department's progress on each project as further defined in section 108
28 of this act;

29 (3) When necessary, make policy recommendations for improving
30 efficiencies, savings or improvements in the department's project
31 management, accountability measures, or project delivery mechanisms;

32 (4) Recommend any leading edge transportation project delivery
33 strategies, oversight, accountability, or efficiency measures.

34 NEW SECTION. **Sec. 106.** The department of transportation shall
35 prepare and submit to the transportation commission once each quarter,
36 a comprehensive audit report on each transportation project funded by

1 this act. At a minimum, the audit report must include the following
2 elements:

3 (1) Project status and any scope changes;

4 (2) Estimated completion date and cost, noting any changes from
5 past estimates;

6 (3) Actual project expenditures as compared with projected
7 expenditures;

8 (4) Any changes in financing for each project;

9 (5) Claim or change orders that result in greater than a five
10 percent cumulative increase in project cost, or greater than sixty days
11 of delay;

12 (6) Status of any required permits;

13 (7) Mitigation efforts to relieve both traffic and environmental
14 impacts;

15 (8) Evaluation of work force effectiveness, including both state
16 employees and contractors;

17 (9) Outlook for the upcoming year, including projected
18 accomplishments and challenges;

19 (10) Copies of any accountability reports filed with the federal
20 highway administration;

21 (11) Any other useful information the board requests.

22 NEW SECTION. **Sec. 107.** The transportation commission must review
23 the proposed audit report submitted by the department. After reviewing
24 the information contained therein, the commission may request
25 additional information or data, or ask for clarifications. The
26 commission is prohibited from changing any of the data contained in the
27 audit report.

28 After conducting its review, the commission must forward the audit
29 report to the transportation accountability board.

30 NEW SECTION. **Sec. 108.** (1) Upon completion of its review under
31 section 107 of this act, the transportation commission shall forward
32 the quarterly audit report to the transportation accountability board.
33 The transportation accountability board will accept or reject the audit
34 report.

35 (a) In determining whether to accept or reject the audit report,
36 the board:

1 (i) Will analyze, investigate, and evaluate the data contained in
2 the quarterly audit report;

3 (ii) Will receive staff support for this evaluation from the joint
4 legislative audit and review committee; and

5 (iii) May request additional information or data from the
6 department of transportation.

7 (b) As part of the evaluation process, the board may make
8 recommendations to the department and the transportation commission for
9 efficiencies, savings, or improvements in the department's project
10 management, accountability measures or project delivery mechanisms.
11 The chairman will work with the department and the transportation
12 commission on behalf of the board to implement changes recommended by
13 the board.

14 (2) Upon final acceptance, the board must forward the audit report
15 to the transportation standing committees of the house of
16 representatives and senate, and to the office of financial management,
17 along with any recommendations the board makes under section 105 of
18 this act.

19 (3) The board must publish and make the audit report available to
20 the public in both print and electronic media.

21 NEW SECTION. **Sec. 109.** Sections 101 through 108 of this act
22 constitute a new chapter in Title 47 RCW.

23 **PART II - COMBINED LICENSING FEE**

24 **Sec. 201.** RCW 46.16.070 and 1994 c 262 s 8 are each amended to
25 read as follows:

26 (1) In lieu of all other vehicle licensing fees, unless
27 specifically exempt, and in addition to (~~the excise tax prescribed in~~
28 ~~chapter 82.44 RCW and~~)) the mileage fees prescribed for buses and
29 stages in RCW 46.16.125, there shall be paid and collected annually for
30 each truck, motor truck, truck tractor, road tractor, tractor, bus,
31 auto stage, or for hire vehicle with seating capacity of more than six,
32 based upon the declared combined gross weight or declared gross weight
33 (~~thereof~~)) pursuant to the provisions of chapter 46.44 RCW, the
34 following licensing fees by such gross weight:

	(DECLARED GROSS WEIGHT	SCHEDULE A	SCHEDULE B
1			
2	4,000 lbs.	\$ 37.00	\$ 37.00
3	6,000 lbs.	\$ 44.00	\$ 44.00
4	8,000 lbs.	\$ 55.00	\$ 55.00
5	10,000 lbs.	\$ 62.00	\$ 62.00
6	12,000 lbs.	\$ 72.00	\$ 72.00
7	14,000 lbs.	\$ 82.00	\$ 82.00
8	16,000 lbs.	\$ 92.00	\$ 92.00
9	18,000 lbs.	\$ 137.00	\$ 137.00
10	20,000 lbs.	\$ 152.00	\$ 152.00
11	22,000 lbs.	\$ 164.00	\$ 164.00
12	24,000 lbs.	\$ 177.00	\$ 177.00
13	26,000 lbs.	\$ 187.00	\$ 187.00
14	28,000 lbs.	\$ 220.00	\$ 220.00
15	30,000 lbs.	\$ 253.00	\$ 253.00
16	32,000 lbs.	\$ 304.00	\$ 304.00
17	34,000 lbs.	\$ 323.00	\$ 323.00
18	36,000 lbs.	\$ 350.00	\$ 350.00
19	38,000 lbs.	\$ 384.00	\$ 384.00
20	40,000 lbs.	\$ 439.00	\$ 439.00
21	42,000 lbs.	\$ 456.00	\$ 546.00
22	44,000 lbs.	\$ 466.00	\$ 556.00
23	46,000 lbs.	\$ 501.00	\$ 591.00
24	48,000 lbs.	\$ 522.00	\$ 612.00
25	50,000 lbs.	\$ 566.00	\$ 656.00
26	52,000 lbs.	\$ 595.00	\$ 685.00
27	54,000 lbs.	\$ 642.00	\$ 732.00
28	56,000 lbs.	\$ 677.00	\$ 767.00
29	58,000 lbs.	\$ 704.00	\$ 794.00
30	60,000 lbs.	\$ 750.00	\$ 840.00
31	62,000 lbs.	\$ 804.00	\$ 894.00
32	64,000 lbs.	\$ 822.00	\$ 912.00
33	66,000 lbs.	\$ 915.00	\$ 1,005.00
34	68,000 lbs.	\$ 954.00	\$ 1,044.00
35	70,000 lbs.	\$ 1,027.00	\$ 1,117.00
36	72,000 lbs.	\$ 1,098.00	\$ 1,188.00
37	74,000 lbs.	\$ 1,193.00	\$ 1,283.00
38	76,000 lbs.	\$ 1,289.00	\$ 1,379.00
39	78,000 lbs.	\$ 1,407.00	\$ 1,497.00
40	80,000 lbs.	\$ 1,518.00	\$ 1,608.00
41	82,000 lbs.	\$ 1,623.00	\$ 1,713.00
42	84,000 lbs.	\$ 1,728.00	\$ 1,818.00
43	86,000 lbs.	\$ 1,833.00	\$ 1,923.00
44	88,000 lbs.	\$ 1,938.00	\$ 2,028.00
45	90,000 lbs.	\$ 2,043.00	\$ 2,133.00
46	92,000 lbs.	\$ 2,148.00	\$ 2,238.00
47	94,000 lbs.	\$ 2,253.00	\$ 2,343.00

1	96,000 lbs.	\$ 2,358.00	\$ 2,448.00
2	98,000 lbs.	\$ 2,463.00	\$ 2,553.00
3	100,000 lbs.	\$ 2,568.00	\$ 2,658.00
4	102,000 lbs.	\$ 2,673.00	\$ 2,763.00
5	104,000 lbs.	\$ 2,778.00	\$ 2,868.00
6	105,500 lbs.	\$ 2,883.00	\$2,973.00)

		Effective		Effective	
	Gross	October 1, 2002,		October 1, 2003	
	Weight	through September 30, 2003			
		Schedule A	Schedule B	Schedule A	Schedule B
11	<u>4,000</u>	<u>\$37</u>	<u>\$37</u>	<u>\$37</u>	<u>\$37</u>
12	<u>6,000</u>	<u>44</u>	<u>44</u>	<u>44</u>	<u>44</u>
13	<u>8,000</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>
14	<u>10,000</u>	<u>62</u>	<u>62</u>	<u>62</u>	<u>62</u>
15	<u>12,000</u>	<u>77</u>	<u>77</u>	<u>81</u>	<u>81</u>
16	<u>14,000</u>	<u>88</u>	<u>88</u>	<u>93</u>	<u>93</u>
17	<u>16,000</u>	<u>99</u>	<u>99</u>	<u>105</u>	<u>105</u>
18	<u>18,000</u>	<u>148</u>	<u>148</u>	<u>159</u>	<u>159</u>
19	<u>20,000</u>	<u>165</u>	<u>165</u>	<u>177</u>	<u>177</u>
20	<u>22,000</u>	<u>178</u>	<u>178</u>	<u>192</u>	<u>192</u>
21	<u>24,000</u>	<u>192</u>	<u>192</u>	<u>207</u>	<u>207</u>
22	<u>26,000</u>	<u>203</u>	<u>203</u>	<u>219</u>	<u>219</u>
23	<u>28,000</u>	<u>239</u>	<u>239</u>	<u>259</u>	<u>259</u>
24	<u>30,000</u>	<u>276</u>	<u>276</u>	<u>298</u>	<u>298</u>
25	<u>32,000</u>	<u>332</u>	<u>332</u>	<u>360</u>	<u>360</u>
26	<u>34,000</u>	<u>353</u>	<u>353</u>	<u>382</u>	<u>382</u>
27	<u>36,000</u>	<u>382</u>	<u>382</u>	<u>415</u>	<u>415</u>
28	<u>38,000</u>	<u>420</u>	<u>420</u>	<u>456</u>	<u>456</u>
29	<u>40,000</u>	<u>480</u>	<u>480</u>	<u>522</u>	<u>522</u>
30	<u>42,000</u>	<u>499</u>	<u>589</u>	<u>542</u>	<u>632</u>
31	<u>44,000</u>	<u>510</u>	<u>600</u>	<u>554</u>	<u>644</u>
32	<u>46,000</u>	<u>549</u>	<u>639</u>	<u>596</u>	<u>686</u>
33	<u>48,000</u>	<u>572</u>	<u>662</u>	<u>621</u>	<u>711</u>
34	<u>50,000</u>	<u>620</u>	<u>710</u>	<u>674</u>	<u>764</u>
35	<u>52,000</u>	<u>652</u>	<u>742</u>	<u>709</u>	<u>799</u>
36	<u>54,000</u>	<u>704</u>	<u>794</u>	<u>765</u>	<u>855</u>
37	<u>56,000</u>	<u>742</u>	<u>832</u>	<u>807</u>	<u>897</u>
38	<u>58,000</u>	<u>772</u>	<u>862</u>	<u>840</u>	<u>930</u>
39	<u>60,000</u>	<u>822</u>	<u>912</u>	<u>895</u>	<u>985</u>
40	<u>62,000</u>	<u>882</u>	<u>972</u>	<u>960</u>	<u>1,050</u>
41	<u>64,000</u>	<u>902</u>	<u>992</u>	<u>981</u>	<u>1,071</u>
42	<u>66,000</u>	<u>1,004</u>	<u>1,094</u>	<u>1,093</u>	<u>1,183</u>
43	<u>68,000</u>	<u>1,047</u>	<u>1,137</u>	<u>1,140</u>	<u>1,230</u>
44	<u>70,000</u>	<u>1,127</u>	<u>1,217</u>	<u>1,227</u>	<u>1,317</u>
45	<u>72,000</u>	<u>1,205</u>	<u>1,295</u>	<u>1,312</u>	<u>1,402</u>
46	<u>74,000</u>	<u>1,310</u>	<u>1,400</u>	<u>1,426</u>	<u>1,516</u>
47	<u>76,000</u>	<u>1,415</u>	<u>1,505</u>	<u>1,542</u>	<u>1,632</u>

1	<u>78,000</u>	<u>1,545</u>	<u>1,635</u>	<u>1,683</u>	<u>1,773</u>
2	<u>80,000</u>	<u>1,667</u>	<u>1,757</u>	<u>1,816</u>	<u>1,906</u>
3	<u>82,000</u>	<u>1,783</u>	<u>1,873</u>	<u>1,942</u>	<u>2,032</u>
4	<u>84,000</u>	<u>1,898</u>	<u>1,988</u>	<u>2,068</u>	<u>2,158</u>
5	<u>86,000</u>	<u>2,014</u>	<u>2,104</u>	<u>2,194</u>	<u>2,284</u>
6	<u>88,000</u>	<u>2,129</u>	<u>2,219</u>	<u>2,320</u>	<u>2,410</u>
7	<u>90,000</u>	<u>2,245</u>	<u>2,335</u>	<u>2,446</u>	<u>2,536</u>
8	<u>92,000</u>	<u>2,360</u>	<u>2,450</u>	<u>2,572</u>	<u>2,662</u>
9	<u>94,000</u>	<u>2,476</u>	<u>2,566</u>	<u>2,698</u>	<u>2,788</u>
10	<u>96,000</u>	<u>2,591</u>	<u>2,681</u>	<u>2,824</u>	<u>2,914</u>
11	<u>98,000</u>	<u>2,707</u>	<u>2,797</u>	<u>2,950</u>	<u>3,040</u>
12	<u>100,000</u>	<u>2,822</u>	<u>2,912</u>	<u>3,076</u>	<u>3,166</u>
13	<u>102,000</u>	<u>2,938</u>	<u>3,028</u>	<u>3,202</u>	<u>3,292</u>
14	<u>104,000</u>	<u>3,053</u>	<u>3,143</u>	<u>3,328</u>	<u>3,418</u>
15	<u>105,500</u>	<u>3,169</u>	<u>3,259</u>	<u>3,454</u>	<u>3,544</u>

16 Schedule A applies to vehicles either used exclusively for hauling
17 logs or that do not tow trailers. Schedule B applies to vehicles that
18 tow trailers and are not covered under Schedule A.

19 (2) Every truck, motor truck, truck tractor, and tractor exceeding
20 6,000 pounds empty scale weight registered under chapter 46.16, 46.87,
21 or 46.88 RCW shall be licensed for not less than one hundred fifty
22 percent of its empty weight unless the amount would be in excess of the
23 legal limits prescribed for such a vehicle in RCW 46.44.041 or
24 46.44.042, in which event the vehicle shall be licensed for the maximum
25 weight authorized for such a vehicle or unless the vehicle is used only
26 for the purpose of transporting any well drilling machine, air
27 compressor, rock crusher, conveyor, hoist, donkey engine, cook house,
28 tool house, bunk house, or similar machine or structure attached to or
29 made a part of such vehicle.

30 (3) The following provisions apply when increasing gross or
31 combined gross weight for a vehicle licensed under this section:

32 (a) The new license fee will be one-twelfth of the fee listed above
33 for the new gross weight, multiplied by the number of months remaining
34 in the period for which licensing fees have been paid, including the
35 month in which the new gross weight is effective.

36 (b) Upon surrender of the current certificate of registration or
37 cab card, the new licensing fees due shall be reduced by the amount of
38 the licensing fees previously paid for the same period for which new
39 fees are being charged.

40 ((+2)) (4) The proceeds from the fees collected under ((subsection
41 (1) of)) this section shall be distributed in accordance with RCW
42 46.68.035.

1 **Sec. 202.** RCW 46.68.035 and 2000 2nd sp.s. c 4 s 8 are each
2 amended to read as follows:

3 All proceeds from combined vehicle licensing fees received by the
4 director for vehicles licensed under RCW 46.16.070 and 46.16.085 shall
5 be forwarded to the state treasurer to be distributed into accounts
6 according to the following method:

7 (1) The sum of two dollars for each vehicle shall be deposited into
8 the multimodal transportation account, except that for each vehicle
9 registered by a county auditor or agent to a county auditor pursuant to
10 RCW 46.01.140, the sum of two dollars shall be credited to the current
11 county expense fund.

12 (2) The remainder shall be distributed as follows:

13 (a) 23.677 percent of the proceeds collected on the rate in effect
14 September 30, 2002, shall be deposited into the state patrol highway
15 account of the motor vehicle fund;

16 (b) 1.521 percent of the proceeds collected on the rate in effect
17 September 30, 2002, shall be deposited into the Puget Sound ferry
18 operations account of the motor vehicle fund; ~~((and))~~

19 (c) ~~((The remaining))~~ 74.802 percent of the proceeds collected on
20 the rate in effect on September 30, 2002, shall be deposited into the
21 motor vehicle fund; and

22 (d) The remaining proceeds collected on the difference between the
23 current rate and the rate in effect on September 30, 2002, shall be
24 deposited in the freight mobility strategic investment account.

25 **PART III - FUEL TAX**

26 **Sec. 301.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are
27 each reenacted and amended to read as follows:

28 (1) A motor vehicle fuel tax rate of twenty-three cents per gallon
29 ~~((shall apply))~~ applies to the sale, distribution, or use of motor
30 vehicle fuel.

31 (2) Beginning October 1, 2002, an additional and cumulative motor
32 vehicle fuel tax rate of four cents per gallon applies to the sale,
33 distribution, or use of motor vehicle fuel.

34 (3) Beginning October 1, 2003, an additional and cumulative motor
35 vehicle fuel tax rate of four cents per gallon applies to the sale,
36 distribution, or use of motor vehicle fuel.

1 **Sec. 302.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are
2 each reenacted and amended to read as follows:

3 (1) All moneys that have accrued or may accrue to the motor vehicle
4 fund from the motor vehicle fuel tax and special fuel tax shall be
5 first expended for purposes enumerated in (a) and (b) of this
6 subsection. The remaining net tax amount shall be distributed monthly
7 by the state treasurer in ~~((the proportions set forth in (c) through~~
8 ~~(1) of this))~~ accordance with subsections (2) through (4) of this
9 section.

10 (a) For payment of refunds of motor vehicle fuel tax and special
11 fuel tax that has been paid and is refundable as provided by law;

12 (b) For payment of amounts to be expended pursuant to
13 appropriations for the administrative expenses of the offices of state
14 treasurer, state auditor, and the department of licensing of the state
15 of Washington in the administration of the motor vehicle fuel tax and
16 the special fuel tax, which sums shall be distributed monthly~~((+))~~.

17 ~~((+e))~~ (2) All of the remaining net tax amount collected under RCW
18 82.36.025(1) and 82.38.030(1) must be distributed in the proportions
19 set forth in (a) through (j) of this subsection.

20 (a) For distribution to the motor vehicle fund an amount equal to
21 44.387 percent to be expended for highway purposes of the state, as
22 defined in RCW 46.68.130;

23 ~~((+d))~~ (b) For distribution to the special category C account,
24 hereby created in the motor vehicle fund, an amount equal to 3.2609
25 percent to be expended for special category C projects. Special
26 category C projects are category C projects that, due to high cost
27 only, will require bond financing to complete construction.

28 The following criteria, listed in order of priority, shall be used
29 in determining which special category C projects have the highest
30 priority:

31 (i) Accident experience;

32 (ii) Fatal accident experience;

33 (iii) Capacity to move people and goods safely and at reasonable
34 speeds without undue congestion; and

35 (iv) Continuity of development of the highway transportation
36 network.

37 Moneys deposited in the special category C account in the motor
38 vehicle fund may be used for payment of debt service on bonds the

1 proceeds of which are used to finance special category C projects under
2 this subsection ~~((1)(d))~~ (2)(b);

3 ~~((e))~~ (c) For distribution to the Puget Sound ferry operations
4 account in the motor vehicle fund an amount equal to 2.3283 percent;

5 ~~((f))~~ (d) For distribution to the Puget Sound capital
6 construction account in the motor vehicle fund an amount equal to
7 2.3726 percent;

8 ~~((g))~~ (e) For distribution to the urban arterial trust account in
9 the motor vehicle fund an amount equal to 7.5597 percent;

10 ~~((h))~~ (f) For distribution to the transportation improvement
11 account in the motor vehicle fund an amount equal to 5.6739 percent and
12 expended in accordance with RCW 47.26.086;

13 ~~((i))~~ (g) For distribution to the cities and towns from the motor
14 vehicle fund an amount equal to 10.6961 percent in accordance with RCW
15 46.68.110;

16 ~~((j))~~ (h) For distribution to the counties from the motor vehicle
17 fund an amount equal to 19.2287 percent: (i) Out of which there shall
18 be distributed from time to time, as directed by the department of
19 transportation, those sums as may be necessary to carry out the
20 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
21 the county road administration board to implement the provisions of RCW
22 47.56.725(4), with the balance of such county share to be distributed
23 monthly as the same accrues for distribution in accordance with RCW
24 46.68.120;

25 ~~((k))~~ (i) For distribution to the county arterial preservation
26 account, hereby created in the motor vehicle fund an amount equal to
27 1.9565 percent. These funds shall be distributed by the county road
28 administration board to counties in proportions corresponding to the
29 number of paved arterial lane miles in the unincorporated area of each
30 county and shall be used for improvements to sustain the structural,
31 safety, and operational integrity of county arterials. The county road
32 administration board shall adopt reasonable rules and develop policies
33 to implement this program and to assure that a pavement management
34 system is used;

35 ~~((l))~~ (j) For distribution to the rural arterial trust account in
36 the motor vehicle fund an amount equal to 2.5363 percent and expended
37 in accordance with RCW 36.79.020.

1 ~~((2))~~ (3) All of the remaining net tax amount collected under the
2 additional four cents levied under RCW 82.36.025(2) and 82.38.030(2)
3 must be distributed in the following manner:

4 (a) 75 percent distributed to the motor vehicle fund;

5 (b) 8.3333 percent distributed to the transportation improvement
6 account in the motor vehicle fund and expended in accordance with RCW
7 47.26.086;

8 (c) 8.3333 percent distributed to the cities and towns from the
9 motor vehicle fund in accordance with RCW 46.68.110;

10 (d) 8.3333 percent distributed to the counties from the motor
11 vehicle fund in accordance with RCW 46.68.120.

12 (4) Nothing in this section or in RCW 46.68.130 may be construed so
13 as to violate any terms or conditions contained in any highway
14 construction bond issues now or hereafter authorized by statute and
15 whose payment is by such statute pledged to be paid from any excise
16 taxes on motor vehicle fuel and special fuels.

17 **Sec. 303.** RCW 82.38.030 and 2001 c 270 s 6 are each amended to
18 read as follows:

19 (1) There is hereby levied and imposed upon special fuel users a
20 tax at the rate ~~((computed in the manner provided in RCW 82.36.025 on~~
21 ~~each))~~ of twenty-three cents per gallon of special fuel, or each one
22 hundred cubic feet of compressed natural gas, measured at standard
23 pressure and temperature.

24 (2) Beginning October 1, 2002, an additional and cumulative special
25 fuel tax rate of four cents per gallon of special fuel, or each one
26 hundred cubic feet of compressed natural gas, measured at standard
27 pressure and temperature is imposed on special fuel users.

28 (3) Beginning October 1, 2003, an additional and cumulative special
29 fuel tax rate of four cents per gallon of special fuel, or each one
30 hundred cubic feet of compressed natural gas, measured at standard
31 pressure and temperature is imposed on special fuel users.

32 (4) The tax ~~((imposed by subsection (1) of this section))~~ is
33 imposed when:

34 (a) Special fuel is removed in this state from a terminal if the
35 special fuel is removed at the rack unless the removal is to a licensed
36 exporter for direct delivery to a destination outside of the state, or
37 the removal is to a special fuel distributor for direct delivery to an
38 international fuel tax agreement licensee under RCW 82.38.320;

1 (b) Special fuel is removed in this state from a refinery if either
2 of the following applies:

3 (i) The removal is by bulk transfer and the refiner or the owner of
4 the special fuel immediately before the removal is not a licensee; or

5 (ii) The removal is at the refinery rack unless the removal is to
6 a licensed exporter for direct delivery to a destination outside of the
7 state, or the removal is to a special fuel distributor for direct
8 delivery to an international fuel tax agreement licensee under RCW
9 82.38.320;

10 (c) Special fuel enters into this state for sale, consumption, use,
11 or storage if either of the following applies:

12 (i) The entry is by bulk transfer and the importer is not a
13 licensee; or

14 (ii) The entry is not by bulk transfer;

15 (d) Special fuel is sold or removed in this state to an unlicensed
16 entity unless there was a prior taxable removal, entry, or sale of the
17 special fuel;

18 (e) Blended special fuel is removed or sold in this state by the
19 blender of the fuel. The number of gallons of blended special fuel
20 subject to tax is the difference between the total number of gallons of
21 blended special fuel removed or sold and the number of gallons of
22 previously taxed special fuel used to produce the blended special fuel;

23 (f) Dyed special fuel is used on a highway, as authorized by the
24 internal revenue code, unless the use is exempt from the special fuel
25 tax;

26 (g) Special fuel purchased by an international fuel tax agreement
27 licensee under RCW 82.38.320 is used on a highway; and

28 (h) Special fuel is sold by a licensed special fuel supplier to a
29 special fuel distributor, special fuel importer, or special fuel
30 blender and the special fuel is not removed from the bulk transfer-
31 terminal system.

32 ~~((+3))~~ (5) The tax imposed by this chapter, if required to be
33 collected by the licensee, is held in trust by the licensee until paid
34 to the department, and a licensee who appropriates or converts the tax
35 collected to his or her own use or to any use other than the payment of
36 the tax to the extent that the money required to be collected is not
37 available for payment on the due date as prescribed in this chapter is
38 guilty of a felony, or gross misdemeanor in accordance with the theft
39 and anticipatory provisions of Title 9A RCW. A person, partnership,

1 corporation, or corporate officer who fails to collect the tax imposed
2 by this section, or who has collected the tax and fails to pay it to
3 the department in the manner prescribed by this chapter, is personally
4 liable to the state for the amount of the tax.

5 **Sec. 304.** RCW 82.38.035 and 2001 c 270 s 7 are each amended to
6 read as follows:

7 (1) A licensed supplier shall remit tax on special fuel to the
8 department as provided in RCW 82.38.030(~~((+2+))~~) (4)(a). On a two-party
9 exchange, or buy-sell agreement between two licensed suppliers, the
10 receiving exchange partner or buyer shall remit the tax.

11 (2) A refiner shall remit tax to the department on special fuel
12 removed from a refinery as provided in RCW 82.38.030(~~((+2+))~~) (4)(b).

13 (3) An importer shall remit tax to the department on special fuel
14 imported into this state as provided in RCW 82.38.030(~~((+2+))~~) (4)(c).

15 (4) A blender shall remit tax to the department on the removal or
16 sale of blended special fuel as provided in RCW 82.38.030(~~((+2+))~~)
17 (4)(e).

18 (5) A dyed special fuel user shall remit tax to the department on
19 the use of dyed special fuel as provided in RCW 82.38.030(~~((+2+))~~)
20 (4)(f).

21 **Sec. 305.** RCW 82.38.045 and 1998 c 176 s 54 are each amended to
22 read as follows:

23 A terminal operator is jointly and severally liable for remitting
24 the tax imposed under RCW 82.38.030(~~((+1+))~~) if, at the time of removal:

25 (1) The position holder with respect to the special fuel is a
26 person other than the terminal operator and is not a licensee;

27 (2) The terminal operator is not a licensee;

28 (3) The position holder has an expired internal revenue service
29 notification certificate issued under chapter 26, C.F.R. Part 48; or

30 (4) The terminal operator had reason to believe that information on
31 the notification certificate was false.

32 **Sec. 306.** RCW 82.38.047 and 1998 c 176 s 55 are each amended to
33 read as follows:

34 A terminal operator is jointly and severally liable for remitting
35 the tax imposed under RCW 82.38.030(~~((+1+))~~) if, in connection with the
36 removal of special fuel that is not dyed or marked in accordance with

1 internal revenue service requirements, the terminal operator provides
2 a person with a bill of lading, shipping paper, or similar document
3 indicating that the special fuel is dyed or marked in accordance with
4 internal revenue service requirements.

5 **Sec. 307.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to
6 read as follows:

7 In order to encourage the use of nonpolluting fuels, an annual
8 license fee in lieu of the tax imposed by RCW 82.38.030 shall be
9 imposed upon the use of natural gas as defined in this chapter or on
10 liquified petroleum gas, commonly called propane, which is used in any
11 motor vehicle, as defined in RCW 46.04.320, which shall be based upon
12 the following schedule as adjusted by the formula set out below:

13	VEHICLE TONNAGE (GVW)	FEE
14	0 - 6,000	\$ 45
15	6,001 - 10,000	\$ 45
16	10,001 - 18,000	\$ 80
17	18,001 - 28,000	\$110
18	28,001 - 36,000	\$150
19	36,001 and above	\$250

20 To determine the actual annual license fee imposed by this section
21 for a registration year, the appropriate dollar amount set out in the
22 above schedule shall be multiplied by the ((motor vehicle)) special
23 fuel tax rate ((in cents per gallon)) as established by RCW
24 ((82.36.025)) 82.38.030 effective on July 1st of the preceding calendar
25 year and the product thereof shall be divided by 12 cents.

26 The department of licensing, in addition to the foregoing fee,
27 shall charge a further fee of five dollars as a handling charge for
28 each license issued.

29 The director of licensing shall be authorized to prorate the
30 vehicle tonnage fee so that the annual license required by this section
31 will correspond with the staggered vehicle licensing system.

32 A decal or other identifying device issued upon payment of these
33 annual fees shall be displayed as prescribed by the department as
34 authority to purchase this fuel.

35 Persons selling or dispensing natural gas or propane may not sell
36 or dispense this fuel for their own use or the use of others into tanks

1 of vehicles powered by this fuel which do not display a valid decal or
2 other identifying device as provided in this section.

3 Vehicles registered in jurisdictions outside the state of
4 Washington are exempt from this section.

5 Any person selling or dispensing natural gas or propane into the
6 tank of a motor vehicle powered by this fuel, except as prescribed in
7 this chapter, is subject to the penalty provisions of this chapter.

8 NEW SECTION. **Sec. 308.** A new section is added to chapter 46.68
9 RCW to read as follows:

10 The freight mobility strategic investment account of the motor
11 vehicle fund is created in the state treasury. All money deposited in
12 the account shall be used by the department of transportation for:

13 (1) Improving the freight transportation highway system by
14 constructing projects selected by the freight mobility strategic
15 investment board.

16 (2) The department may pledge any money in the freight mobility
17 strategic investment account for debt service on bonds issued to
18 finance projects authorized under subsection (1) of this section.

19 **Sec. 309.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273
20 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended
21 to read as follows:

22 (1) All earnings of investments of surplus balances in the state
23 treasury shall be deposited to the treasury income account, which
24 account is hereby established in the state treasury.

25 (2) The treasury income account shall be utilized to pay or receive
26 funds associated with federal programs as required by the federal cash
27 management improvement act of 1990. The treasury income account is
28 subject in all respects to chapter 43.88 RCW, but no appropriation is
29 required for refunds or allocations of interest earnings required by
30 the cash management improvement act. Refunds of interest to the
31 federal treasury required under the cash management improvement act
32 fall under RCW 43.88.180 and shall not require appropriation. The
33 office of financial management shall determine the amounts due to or
34 from the federal government pursuant to the cash management improvement
35 act. The office of financial management may direct transfers of funds
36 between accounts as deemed necessary to implement the provisions of the
37 cash management improvement act, and this subsection. Refunds or

1 allocations shall occur prior to the distributions of earnings set
2 forth in subsection (4) of this section.

3 (3) Except for the provisions of RCW 43.84.160, the treasury income
4 account may be utilized for the payment of purchased banking services
5 on behalf of treasury funds including, but not limited to, depository,
6 safekeeping, and disbursement functions for the state treasury and
7 affected state agencies. The treasury income account is subject in all
8 respects to chapter 43.88 RCW, but no appropriation is required for
9 payments to financial institutions. Payments shall occur prior to
10 distribution of earnings set forth in subsection (4) of this section.

11 (4) Monthly, the state treasurer shall distribute the earnings
12 credited to the treasury income account. The state treasurer shall
13 credit the general fund with all the earnings credited to the treasury
14 income account except:

15 (a) The following accounts and funds shall receive their
16 proportionate share of earnings based upon each account's and fund's
17 average daily balance for the period: The capitol building
18 construction account, the Cedar River channel construction and
19 operation account, the Central Washington University capital projects
20 account, the charitable, educational, penal and reformatory
21 institutions account, the common school construction fund, the county
22 criminal justice assistance account, the county sales and use tax
23 equalization account, the data processing building construction
24 account, the deferred compensation administrative account, the deferred
25 compensation principal account, the department of retirement systems
26 expense account, the drinking water assistance account, the drinking
27 water assistance administrative account, the drinking water assistance
28 repayment account, the Eastern Washington University capital projects
29 account, the education construction fund, the emergency reserve fund,
30 the federal forest revolving account, the health services account, the
31 public health services account, the health system capacity account, the
32 personal health services account, the state higher education
33 construction account, the higher education construction account, the
34 highway infrastructure account, the industrial insurance premium refund
35 account, the judges' retirement account, the judicial retirement
36 administrative account, the judicial retirement principal account, the
37 local leasehold excise tax account, the local real estate excise tax
38 account, the local sales and use tax account, the medical aid account,
39 the mobile home park relocation fund, the multimodal transportation

1 account, the municipal criminal justice assistance account, the
2 municipal sales and use tax equalization account, the natural resources
3 deposit account, the oyster reserve land account, the perpetual
4 surveillance and maintenance account, the public employees' retirement
5 system plan 1 account, the public employees' retirement system combined
6 plan 2 and plan 3 account, the public health supplemental account, the
7 Puyallup tribal settlement account, the resource management cost
8 account, the site closure account, the special wildlife account, the
9 state employees' insurance account, the state employees' insurance
10 reserve account, the state investment board expense account, the state
11 investment board commingled trust fund accounts, the supplemental
12 pension account, the teachers' retirement system plan 1 account, the
13 teachers' retirement system combined plan 2 and plan 3 account, the
14 tobacco prevention and control account, the tobacco settlement account,
15 the transportation infrastructure account, the tuition recovery trust
16 fund, the University of Washington bond retirement fund, the University
17 of Washington building account, the volunteer fire fighters' and
18 reserve officers' relief and pension principal fund, the volunteer fire
19 fighters' and reserve officers' administrative fund, the Washington
20 fruit express account, the Washington judicial retirement system
21 account, the Washington law enforcement officers' and fire fighters'
22 system plan 1 retirement account, the Washington law enforcement
23 officers' and fire fighters' system plan 2 retirement account, the
24 Washington school employees' retirement system combined plan 2 and 3
25 account, the Washington state health insurance pool account, the
26 Washington state patrol retirement account, the Washington State
27 University building account, the Washington State University bond
28 retirement fund, the water pollution control revolving fund, and the
29 Western Washington University capital projects account. Earnings
30 derived from investing balances of the agricultural permanent fund, the
31 normal school permanent fund, the permanent common school fund, the
32 scientific permanent fund, and the state university permanent fund
33 shall be allocated to their respective beneficiary accounts. All
34 earnings to be distributed under this subsection (4)(a) shall first be
35 reduced by the allocation to the state treasurer's service fund
36 pursuant to RCW 43.08.190.

37 (b) The following accounts and funds shall receive eighty percent
38 of their proportionate share of earnings based upon each account's or
39 fund's average daily balance for the period: The aeronautics account,

1 the aircraft search and rescue account, the county arterial
2 preservation account, the department of licensing services account, the
3 essential rail assistance account, the ferry bond retirement fund, the
4 freight mobility strategic investment account, the grade crossing
5 protective fund, the high capacity transportation account, the highway
6 bond retirement fund, the highway safety account, the motor vehicle
7 fund, the motorcycle safety education account, the pilotage account,
8 the public transportation systems account, the Puget Sound capital
9 construction account, the Puget Sound ferry operations account, the
10 recreational vehicle account, the rural arterial trust account, the
11 safety and education account, the special category C account, the state
12 patrol highway account, the transportation equipment fund, the
13 transportation fund, the transportation improvement account, the
14 transportation improvement board bond retirement account, and the urban
15 arterial trust account.

16 (5) In conformance with Article II, section 37 of the state
17 Constitution, no treasury accounts or funds shall be allocated earnings
18 without the specific affirmative directive of this section.

19 **Sec. 310.** RCW 46.09.170 and 1995 c 166 s 9 are each amended to
20 read as follows:

21 (1) From time to time, but at least once each year, the state
22 treasurer shall refund from the motor vehicle fund one percent of the
23 motor vehicle fuel tax revenues collected under chapter 82.36 RCW,
24 based on the tax rate in effect January 1, (~~1990~~) 2001, less proper
25 deductions for refunds and costs of collection as provided in RCW
26 46.68.090. The treasurer shall place these funds in the general fund
27 as follows:

28 (a) Forty percent shall be credited to the ORV and nonhighway
29 vehicle account and administered by the department of natural resources
30 solely for planning, maintenance, and management of ORV recreation
31 facilities, nonhighway roads, and nonhighway road recreation
32 facilities. The funds under this subsection shall be expended in
33 accordance with the following limitations:

34 (i) Not more than five percent may be expended for information
35 programs under this chapter;

36 (ii) Not less than ten percent and not more than fifty percent may
37 be expended for ORV recreation facilities;

1 (iii) Not more than twenty-five percent may be expended for
2 maintenance of nonhighway roads;

3 (iv) Not more than fifty percent may be expended for nonhighway
4 road recreation facilities;

5 (v) Ten percent shall be transferred to the interagency committee
6 for outdoor recreation for grants to law enforcement agencies in those
7 counties where the department of natural resources maintains ORV
8 facilities. This amount is in addition to those distributions made by
9 the interagency committee for outdoor recreation under (d)(i) of this
10 subsection;

11 (b) Three and one-half percent shall be credited to the ORV and
12 nonhighway vehicle account and administered by the department of fish
13 and wildlife solely for the acquisition, planning, development,
14 maintenance, and management of nonhighway roads and recreation
15 facilities;

16 (c) Two percent shall be credited to the ORV and nonhighway vehicle
17 account and administered by the parks and recreation commission solely
18 for the maintenance and management of ORV use areas and facilities; and

19 (d) Fifty-four and one-half percent, together with the funds
20 received by the interagency committee for outdoor recreation under RCW
21 46.09.110, shall be credited to the nonhighway and off-road vehicle
22 activities program account to be administered by the committee for
23 planning, acquisition, development, maintenance, and management of ORV
24 recreation facilities and nonhighway road recreation facilities; ORV
25 user education and information; and ORV law enforcement programs. The
26 funds under this subsection shall be expended in accordance with the
27 following limitations:

28 (i) Not more than twenty percent may be expended for ORV education,
29 information, and law enforcement programs under this chapter;

30 (ii) Not less than an amount equal to the funds received by the
31 interagency committee for outdoor recreation under RCW 46.09.110 and
32 not more than sixty percent may be expended for ORV recreation
33 facilities;

34 (iii) Not more than twenty percent may be expended for nonhighway
35 road recreation facilities.

36 (2) On a yearly basis an agency may not, except as provided in RCW
37 46.09.110, expend more than ten percent of the funds it receives under
38 this chapter for general administration expenses incurred in carrying
39 out this chapter.

1 **Sec. 311.** RCW 46.10.170 and 1994 c 262 s 4 are each amended to
2 read as follows:

3 From time to time, but at least once each four years, the
4 department shall determine the amount of moneys paid to it as motor
5 vehicle fuel tax that is tax on snowmobile fuel. Such determination
6 shall use one hundred thirty-five gallons as the average yearly fuel
7 usage per snowmobile, the number of registered snowmobiles during the
8 calendar year under determination, and the fuel tax rate in effect
9 January 1, (~~1990~~) 2001.

10 **Sec. 312.** RCW 79A.25.070 and 2000 c 11 s 73 are each amended to
11 read as follows:

12 Upon expiration of the time limited by RCW 82.36.330 for claiming
13 of refunds of tax on marine fuel, the state of Washington shall succeed
14 to the right to such refunds. The director of licensing, after taking
15 into account past and anticipated claims for refunds from and deposits
16 to the marine fuel tax refund account and the costs of carrying out the
17 provisions of RCW 79A.25.030, shall request the state treasurer to
18 transfer monthly from the marine fuel tax refund account an amount
19 equal to the proportion of the moneys in the account representing the
20 motor vehicle fuel tax rate under RCW 82.36.025 in effect on January 1,
21 (~~1990~~) 2001, to the recreation resource account and the remainder to
22 the motor vehicle fund.

23 **PART IV - SALES TAX ON MOTOR VEHICLES**

24 **Sec. 401.** RCW 82.08.020 and 2000 2nd sp.s. c 4 s 1 are each
25 amended to read as follows:

26 (1) There is levied and there shall be collected a tax on each
27 retail sale in this state equal to six and five-tenths percent of the
28 selling price.

29 (2) There is levied and there shall be collected an additional tax
30 on each retail car rental, regardless of whether the vehicle is
31 licensed in this state, equal to five and nine-tenths percent of the
32 selling price. The revenue collected under this subsection shall be
33 deposited in the multimodal transportation account created in RCW
34 47.66.070.

35 (3) There is levied and there shall be collected an additional tax
36 on each retail sale of a motor vehicle, as defined in RCW 46.04.320, of

1 one percent. The revenue collected under this subsection (3) and the
2 revenue collected under RCW 82.12.020 based on the rate provided in
3 this subsection (3) will be deposited in the multimodal transportation
4 account under RCW 47.66.070.

5 (4) The taxes imposed under this chapter shall apply to successive
6 retail sales of the same property.

7 ~~((4))~~ (5) The rates provided in this section apply to taxes
8 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

9 **Sec. 402.** RCW 82.12.020 and 1999 c 358 s 9 are each amended to
10 read as follows:

11 (1) There is hereby levied and there shall be collected from every
12 person in this state a tax or excise for the privilege of using within
13 this state as a consumer: (a) Any article of tangible personal
14 property purchased at retail, or acquired by lease, gift, repossession,
15 or bailment, or extracted or produced or manufactured by the person so
16 using the same, or otherwise furnished to a person engaged in any
17 business taxable under RCW 82.04.280 (2) or (7); or (b) any canned
18 software, regardless of the method of delivery, but excluding canned
19 software that is either provided free of charge or is provided for
20 temporary use in viewing information, or both.

21 (2) This tax shall apply to the use of every service defined as a
22 retail sale in RCW 82.04.050(3)(a) and the use of every article of
23 tangible personal property, including property acquired at a casual or
24 isolated sale, and including byproducts used by the manufacturer
25 thereof, except as hereinafter provided, irrespective of whether the
26 article or similar articles are manufactured or are available for
27 purchase within this state.

28 (3) Except as provided in RCW 82.12.0252, payment by one purchaser
29 or user of tangible personal property or service of the tax imposed by
30 chapter 82.08 or 82.12 RCW shall not have the effect of exempting any
31 other purchaser or user of the same property or service from the taxes
32 imposed by such chapters.

33 (4) The tax shall be levied and collected in an amount equal to the
34 value of the article used by the taxpayer multiplied by the rates in
35 effect for the retail sales tax under RCW 82.08.020.

36 (5) The use tax revenue collected on the rate provided in RCW
37 82.08.020(3) will be deposited in the multimodal transportation account
38 under RCW 47.66.070.

1 **PART V - BOND AUTHORIZATION**

2 NEW SECTION. **Sec. 501.** In order to provide funds necessary for
3 the location, design, right of way, and construction of selected state
4 and local highway improvements, there shall be issued and sold upon the
5 request of the transportation commission a total of three billion five
6 hundred million dollars of general obligation bonds of the state of
7 Washington.

8 NEW SECTION. **Sec. 502.** Upon the request of the transportation
9 commission, as appropriate, the state finance committee shall supervise
10 and provide for the issuance, sale, and retirement of the bonds
11 authorized by RCW 46.68.090 in accordance with chapter 39.42 RCW.
12 Bonds authorized by this act shall be sold in the manner, at time or
13 times, in amounts, and at the price as the state finance committee
14 shall determine. No bonds may be offered for sale without prior
15 legislative appropriation of the net proceeds of the sale of the bonds.

16 The state finance committee shall consider the issuance of short-
17 term obligations in lieu of long-term obligations for the purposes of
18 more favorable interest rates, lower total interest costs, and
19 increased marketability and for the purpose of retiring the bonds
20 during the life of the project for which they were issued.

21 NEW SECTION. **Sec. 503.** The proceeds from the sale of bonds
22 authorized by section 501 of this act shall be deposited in the motor
23 vehicle fund. The proceeds shall be available only for the purposes
24 enumerated in section 501 of this act, for the payment of bond
25 anticipation notes, if any, and for the payment of bond issuance costs,
26 including the costs of underwriting.

27 NEW SECTION. **Sec. 504.** Bonds issued under the authority of
28 section 501 of this act shall distinctly state that they are a general
29 obligation of the state of Washington, shall pledge the full faith and
30 credit of the state to the payment of the principal thereof and the
31 interest thereon, and shall contain an unconditional promise to pay
32 such principal and interest as the same shall become due. The
33 principal and interest on the bonds shall be first payable from the
34 proceeds of the state excise taxes on motor vehicle and special fuels
35 imposed by chapters 82.36 and 82.38 RCW. Proceeds of these excise

1 taxes are hereby pledged to the payment of any bonds and the interest
2 thereon issued under the authority of RCW 47.10.843 through 47.10.848,
3 and the legislature agrees to continue to impose these excise taxes on
4 motor vehicle and special fuels in amounts sufficient to pay, when due,
5 the principal and interest on all bonds issued under the authority of
6 section 501 of this act.

7 NEW SECTION. **Sec. 505.** Both principal and interest on the bonds
8 issued for the purposes of section 501 of this act shall be payable
9 from the highway bond retirement fund. The state finance committee may
10 provide that a special account be created in the fund to facilitate
11 payment of the principal and interest. The state finance committee
12 shall, on or before June 30th of each year, certify to the state
13 treasurer the amount required for principal and interest on the bonds
14 in accordance with the bond proceedings. The state treasurer shall
15 withdraw revenues from the motor vehicle fund and deposit in the
16 highway bond retirement fund, or a special account in the fund, such
17 amounts, and at such times, as are required by the bond proceedings.

18 Any funds required for bond retirement or interest on the bonds
19 authorized by section 501 of this act shall be taken from that portion
20 of the motor vehicle fund that results from the imposition of excise
21 taxes on motor vehicle and special fuels and which is, or may be,
22 appropriated to the department of transportation for state highway
23 purposes. Funds required shall never constitute a charge against any
24 other allocations of motor vehicle fuel and special fuel tax revenues
25 to the state, counties, cities, and towns unless the amount arising
26 from excise taxes on motor vehicle and special fuels distributed to the
27 state in the motor vehicle fund proves insufficient to meet the
28 requirements for bond retirement or interest on any such bonds.

29 Any payments for bond retirement or interest on the bonds taken
30 from other revenues from the motor vehicle fuel or special fuel taxes
31 that are distributable to the state, counties, cities, and towns shall
32 be repaid from the first revenues from the motor vehicle fuel or
33 special fuel taxes distributed to the motor vehicle fund not required
34 for bond retirement or interest on the bonds.

35 NEW SECTION. **Sec. 506.** Bonds issued under the authority of
36 section 501 of this act and this section and any other general
37 obligation bonds of the state of Washington that have been or that may

1 be authorized and that pledge motor vehicle and special fuels excise
2 taxes for the payment of principal and interest thereon shall be an
3 equal charge against the revenues from such motor vehicle and special
4 fuels excise taxes.

5 NEW SECTION. **Sec. 507.** For the purpose of providing funds for the
6 planning, design, construction, reconstruction, and other necessary
7 costs for transportation projects, including rail and passenger-only
8 ferry projects, the state finance committee is authorized to issue
9 general obligation bonds of the state of Washington in the sum of two
10 hundred fifty million dollars, or as much thereof as may be required,
11 to finance these projects and all costs incidental thereto. Bonds
12 authorized in this section may be sold at such price as the state
13 finance committee shall determine. No bonds authorized in this section
14 may be offered for sale without prior legislative appropriation of the
15 net proceeds of the sale of the bonds.

16 NEW SECTION. **Sec. 508.** The proceeds of the sale of the bonds
17 authorized in section 507 of this act must be deposited in the
18 multimodal transportation account and must be used exclusively for the
19 purposes specified in section 507 of this act and for the payment of
20 expenses incurred in the issuance and sale of the bonds.

21 NEW SECTION. **Sec. 509.** (1) The nondebt-limit reimbursable bond
22 retirement account must be used for the payment of the principal and
23 interest on the bonds authorized in section 507 of this act.

24 (2)(a) The state finance committee must, on or before June 30th of
25 each year, certify to the state treasurer the amount needed in the
26 ensuing twelve months to meet the bond retirement and interest
27 requirements on the bonds authorized in section 507 of this act.

28 (b) On or before the date on which any interest or principal and
29 interest is due, the state treasurer shall transfer from the multimodal
30 transportation account for deposit into the nondebt-limit reimbursable
31 bond retirement account the amount computed in (a) of this subsection
32 for bonds issued for the purposes of section 507 of this act.

33 (3) If the multimodal transportation account has insufficient
34 revenues to pay the principal and interest computed in subsection
35 (2)(a) of this section, then the debt-limit reimbursable bond
36 retirement account must be used for the payment of the principal and

1 interest on the bonds authorized in section 507 of this act from any
2 additional means provided by the legislature.

3 (4) If at any time the multimodal transportation account has
4 insufficient revenues to repay the bonds, the legislature may provide
5 additional means for the payment of the bonds.

6 NEW SECTION. **Sec. 510.** (1) Bonds issued under section 507 of this
7 act must state that they are a general obligation of the state of
8 Washington, must pledge the full faith and credit of the state to the
9 payment of the principal and interest, and must contain an
10 unconditional promise to pay the principal and interest as it becomes
11 due.

12 (2) The owner and holder of each of the bonds or the trustee for
13 the owner and holder of any of the bonds may by mandamus or other
14 appropriate proceeding require the transfer and payment of funds as
15 directed in this section.

16 NEW SECTION. **Sec. 511.** The legislature may provide additional
17 means for raising moneys for the payment of the principal and interest
18 on the bonds authorized in section 507 of this act, and sections 509
19 and 510 of this act are not deemed to provide an exclusive method for
20 their payment.

21 NEW SECTION. **Sec. 512.** The bonds authorized in section 507 of
22 this act are a legal investment for all state funds or funds under
23 state control and for all funds of any other public body.

24 **Sec. 513.** RCW 39.42.060 and 2001 2nd sp.s. c 9 s 18 are each
25 amended to read as follows:

26 No bonds, notes, or other evidences of indebtedness for borrowed
27 money shall be issued by the state which will cause the aggregate debt
28 contracted by the state to exceed that amount for which payments of
29 principal and interest in any fiscal year would require the state to
30 expend more than seven percent of the arithmetic mean of its general
31 state revenues, as defined in section 1(c) of Article VIII of the
32 Washington state Constitution for the three immediately preceding
33 fiscal years as certified by the treasurer in accordance with RCW
34 39.42.070. It shall be the duty of the state finance committee to
35 compute annually the amount required to pay principal of and interest

1 on outstanding debt. In making such computation, the state finance
2 committee shall include all borrowed money represented by bonds, notes,
3 or other evidences of indebtedness which are secured by the full faith
4 and credit of the state or are required to be paid, directly or
5 indirectly, from general state revenues and which are incurred by the
6 state, any department, authority, public corporation or quasi public
7 corporation of the state, any state university or college, or any other
8 public agency created by the state but not by counties, cities, towns,
9 school districts, or other municipal corporations, and shall include
10 debt incurred pursuant to section 3 of Article VIII of the Washington
11 state Constitution, but shall exclude the following:

12 (1) Obligations for the payment of current expenses of state
13 government;

14 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

15 (3) Principal of and interest on bond anticipation notes;

16 (4) Any indebtedness which has been refunded;

17 (5) Financing contracts entered into under chapter 39.94 RCW;

18 (6) Indebtedness authorized or incurred before July 1, 1993,
19 pursuant to statute which requires that the state treasury be
20 reimbursed, in the amount of the principal of and the interest on such
21 indebtedness, from money other than general state revenues or from the
22 special excise tax imposed pursuant to chapter 67.40 RCW;

23 (7) Indebtedness authorized and incurred after July 1, 1993,
24 pursuant to statute that requires that the state treasury be
25 reimbursed, in the amount of the principal of and the interest on such
26 indebtedness, from (a) moneys outside the state treasury, except higher
27 education operating fees, (b) higher education building fees, (c)
28 indirect costs recovered from federal grants and contracts, and (d)
29 fees and charges associated with hospitals operated or managed by
30 institutions of higher education;

31 (8) Any agreement, promissory note, or other instrument entered
32 into by the state finance committee under RCW 39.42.030 in connection
33 with its acquisition of bond insurance, letters of credit, or other
34 credit support instruments for the purpose of guaranteeing the payment
35 or enhancing the marketability, or both, of any state bonds, notes, or
36 other evidence of indebtedness;

37 (9) Indebtedness incurred for the purposes identified in RCW
38 43.99N.020;

1 (10) Indebtedness incurred for the purposes of the school district
2 bond guaranty established by chapter 39.98 RCW;

3 (11) Indebtedness incurred for the purposes of replacing the
4 waterproof membrane over the east plaza garage and revising related
5 landscaping construction pursuant to RCW 43.99Q.070; ((and))

6 (12) Indebtedness incurred for the purposes of the state
7 legislative building rehabilitation, to the extent that principal and
8 interest payments of such indebtedness are paid from the capitol
9 building construction account pursuant to RCW 43.99Q.140(2)(b); and

10 (13) Indebtedness incurred for the purposes of financing projects
11 under section 507 of this act.

12 To the extent necessary because of the constitutional or statutory
13 debt limitation, priorities with respect to the issuance or
14 guaranteeing of bonds, notes, or other evidences of indebtedness by the
15 state shall be determined by the state finance committee.

16 NEW SECTION. Sec. 514. Sections 501 through 512 of this act are
17 each added to chapter 47.10 RCW.

18 **PART VI - REFERENDUM**

19 NEW SECTION. Sec. 601. (1) The secretary of state shall submit
20 this act, except for sections 310, 311, and 312, to the people for
21 their adoption and ratification, or rejection, at a special election to
22 be held in this state on or before June 20, 2002, in accordance with
23 Article II, section 1 of the state Constitution and the laws adopted to
24 facilitate its operation. The special election shall be limited to
25 submission of this act to the people.

26 (2) If the people ratify this act, excluding sections 310, 311, and
27 312, revenues generated shall be spent as detailed in House Bill No.
28, the 2001-03 state supplemental transportation budget. The
29 primary emphasis of revenues raised shall be improving transportation
30 safety, reducing congestion, and improving the movement of freight and
31 goods. The legislature recognizes that the projects detailed in House
32 Bill No. are based on assumptions that are beyond the
33 legislature's control, such as availability of federal funds, interest
34 rates, required public approval for certain projects, etc., and
35 furthermore, that current laws authorize the state transportation
36 commission to make necessary adjustments to the proposed projects as

1 unforeseen circumstances may require. If additional funding for the
2 projects contained in House Bill No. . . . becomes available, the
3 legislature urges the acceleration of project construction wherever
4 possible.

5 (3) The attorney general shall prepare the explanatory statement
6 required by RCW 29.81.250 and transmit that statement regarding the
7 referendum to the secretary of state no later than the last Monday of
8 April before the special election.

9 (4) The secretary of state shall prepare and distribute a voters'
10 pamphlet addressing this referendum measure following the procedures
11 and requirements of chapter 29.81 RCW, except that the secretary of
12 state may establish different deadlines for the appointment of
13 committees to draft arguments for and against the referendum, for
14 submitting arguments for and against the referendum, and for submitting
15 rebuttal statements of arguments for and against the referendum.

16 (5) A county auditor may conduct the voting at this special
17 election in all precincts of the county by mail using the procedures
18 set forth in chapter 29.36 RCW.

19 (6) Notwithstanding the provisions of RCW 29.62.020, the county
20 canvassing board in each county shall canvass and certify the votes
21 cast at this special election in that county to the secretary of state
22 no later than the seventh day following the election. Notwithstanding
23 the provisions of RCW 29.62.120, the secretary of state shall canvass
24 and certify the returns from the counties no later than the ninth day
25 following the special election.

26 (7) The secretary of state shall reimburse each county for the cost
27 of conducting the special election in that county in the same manner as
28 state primary and general election costs are reimbursed under RCW
29 29.13.047 (1) and (3).

30 NEW SECTION. **Sec. 602.** Part headings used in this act are not any
31 part of the law.

32 NEW SECTION. **Sec. 603.** If Substitute House Bill No. 2969 is not
33 ratified by the voters by June 20, 2002, sections 310, 311, and 312 of
34 this act are null and void.

35 NEW SECTION. **Sec. 604.** Sections 201, 202, 310, 311, 312, and 401
36 of this act take effect October 1, 2002.

1 NEW SECTION. **Sec. 605.** Section 601 of this act is necessary for
2 the immediate preservation of the public peace, health, or safety, or
3 support of the state government and its existing public institutions,
4 and takes effect immediately.

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