
ENGROSSED SECOND SUBSTITUTE SENATE BILL 6140

State of Washington 57th Legislature

2002 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators McDonald, Prentice, Horn, Eide, Johnson, Finkbeiner, Patterson, Shin, Benton, Kastama, Costa, McAuliffe, Rossi, Long, Roach, Zarelli and Oke)

READ FIRST TIME 01/24/2002.

1 AN ACT Relating to the creation of regional transportation
2 investment districts; amending RCW 81.104.140, 47.56.075, 82.14.050,
3 47.56.075, 81.100.010, 81.100.030, 81.100.060, 82.80.030, 82.80.070,
4 and 82.80.080; reenacting and amending RCW 47.05.021 and 43.84.092;
5 adding a new section to chapter 81.104 RCW; adding a new section to
6 chapter 47.05 RCW; adding a new section to chapter 82.14 RCW; adding a
7 new section to chapter 43.135 RCW; adding a new section to chapter
8 82.32 RCW; adding new sections to chapter 82.80 RCW; adding a new
9 section to chapter 47.56 RCW; adding a new chapter to Title 36 RCW; and
10 creating new sections.

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

12 I. CREATION OF REGIONAL TRANSPORTATION INVESTMENT DISTRICT

13 NEW SECTION. **Sec. 101.** FINDINGS. The legislature finds that:

14 (1) The capacity of many of Washington state's transportation
15 facilities have failed to keep up with the state's growth, particularly
16 in major urban regions;

1 (2) The state cannot by itself fund, in a timely way, many of the
2 major capacity and other improvements required on highways of statewide
3 significance in the state's largest urbanized area;

4 (3) Providing a transportation system that provides efficient
5 mobility for persons and freight requires a shared partnership and
6 responsibility between the state, local, and regional governments and
7 the private sector; and

8 (4) Timely construction and development of significant
9 transportation improvement projects can best be achieved through
10 enhanced funding options for governments at the county and regional
11 levels, using already existing tax authority to address roadway and
12 multimodal needs and new authority for regions to address critical
13 projects of statewide significance.

14 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this
15 section apply throughout this chapter unless the context clearly
16 requires otherwise.

17 (1) "Board" means the governing body of a regional transportation
18 investment district.

19 (2) "Department" means the Washington state department of
20 transportation.

21 (3) "Highway of statewide significance" means an existing or
22 proposed state route or federal interstate as designated a highway of
23 statewide significance by the transportation commission, its successor
24 entity, or the legislature.

25 (4) "Lead agency" means a public agency that by law can plan,
26 design, and build a project and has been so designated by the district.

27 (5) "Regional transportation investment district" or "district"
28 means a municipal corporation whose boundaries are coextensive with two
29 or more contiguous counties and that has been created by county
30 legislative authorities and a vote of the people under this chapter to
31 implement a regional transportation investment plan.

32 (6) "Regional transportation investment district coordinating
33 committee" or "coordinating committee" means the advisory committee
34 created under section 103 of this act to create and propose to county
35 legislative authorities a regional transportation investment plan to
36 develop, finance, and construct transportation projects.

1 (7) "Regional transportation investment plan" or "plan" means a
2 plan to develop, construct, and finance a transportation project or
3 projects.

4 (8) "Transportation project" is:

5 (a) A capital improvement or improvements to all or a portion of a
6 highway of statewide significance, including an extension, that adds a
7 lane or new lanes to an existing state or federal highway; or

8 (b) A capital improvement or improvements to all or a portion of a
9 highway of statewide significance, including an extension, that repairs
10 or replaces a lane or lanes damaged by an event declared an emergency
11 by the governor before January 1, 2002.

12 A transportation project as defined in (a) and (b) of this
13 subsection may include the following associated multimodal capital
14 improvements of:

15 (i) Approaches to highways of statewide significance;

16 (ii) High-occupancy vehicle lanes;

17 (iii) Flyover ramps;

18 (iv) Park and ride lots;

19 (v) Bus pullouts;

20 (vi) Vans for vanpools;

21 (vii) Buses; and

22 (viii) Signalization, ramp metering, and other transportation
23 system management improvements.

24 Operations, preservation, and maintenance are excluded from this
25 definition.

26 (9) "Weighted vote" means a vote that reflects the population each
27 board or coordinating committee member represents relative to the
28 population represented by the total membership of the board or
29 coordinating committee. Population must be determined using the
30 federal 2000 census or subsequent federal census data.

31 NEW SECTION. **Sec. 103.** COORDINATING COMMITTEE FORMATION.

32 Regional transportation investment district coordinating committees are
33 advisory entities that are created, convened, and empowered as follows:

34 (1) A county with a population over one million five hundred
35 thousand persons and any adjoining counties with a population over five
36 hundred thousand persons may create a regional transportation
37 investment district and shall convene a regional transportation
38 investment district coordinating committee.

1 (2) The members of the legislative authorities participating in
2 planning under this chapter shall serve as the district coordinating
3 committee. Members of the coordinating committee receive no
4 compensation, but may be reimbursed for travel and incidental expenses
5 as the coordinating committee deems appropriate.

6 The secretary of transportation, or the appropriate regional
7 administrator of the department, as named by the secretary, shall serve
8 on the committee as a nonvoting member.

9 (3) A regional transportation investment district coordinating
10 committee may be entitled to state funding, as appropriated by the
11 legislature, for start-up funding to pay for salaries, expenses,
12 overhead, supplies, and similar expenses ordinarily and necessarily
13 incurred in selecting transportation projects and funding for those
14 projects under this chapter. Upon creation of a regional
15 transportation investment district, the district shall within one year
16 reimburse the state for any sums advanced for these start-up costs from
17 the state.

18 (4) The coordinating committee shall conduct its affairs and
19 formulate a regional transportation investment plan as provided under
20 section 104 of this act, except that it shall elect an executive board
21 of seven members to discharge the duties of the coordinating committee
22 and formulate a regional transportation investment plan, subject to the
23 approval of the full committee.

24 (5) At its first meeting, a regional transportation investment
25 district coordinating committee may elect officers and provide for the
26 adoption of rules and other operating procedures.

27 (6) Governance of and decisions by a regional transportation
28 investment district coordinating committee must be by a sixty-percent
29 weighted majority vote of the total membership.

30 (7) The coordinating committee may dissolve itself at any time by
31 a two-thirds weighted majority vote of the total membership of the
32 coordinating committee.

33 NEW SECTION. **Sec. 104.** COORDINATING COMMITTEE DUTIES. (1) A
34 regional transportation investment district coordinating committee
35 shall adopt a regional transportation investment plan providing for the
36 selection, development, construction, and financing of transportation
37 projects. The regional transportation investment plan should consider
38 land use planning. The coordinating committee may coordinate its

1 activities with the department, which shall provide services, data, and
2 personnel to assist in this planning as desired by the coordinating
3 committee. In addition, the coordinating committee shall coordinate
4 with affected cities, towns, and other local governments that engage in
5 transportation planning.

6 (2) The coordinating committee shall:

7 (a) Conduct public meetings that are needed to assure active public
8 participation in the development of the plan;

9 (b) Adopt a plan proposing the creation of a regional
10 transportation investment district and recommending projects to improve
11 mobility based on addressing transportation improvement projects; and

12 (c) Recommend sources of revenue authorized by section 105 of this
13 act and a financing plan to fund selected transportation projects. The
14 overall plan of the district must leverage the district's financial
15 contributions so that the federal, state, local, and other revenue
16 sources continue to fund major congestion relief and transportation
17 capacity improvement projects in the district. A combination of local,
18 state, and federal revenues may be necessary to pay for transportation
19 projects, and the coordinating committee shall consider all of these
20 revenue sources in developing a plan.

21 (3) Before adopting the plan, the coordinating committee, with
22 assistance from the department, shall work with the lead agency to
23 develop accurate cost forecasts for projects. This project costing
24 methodology must be integrated with revenue forecasts in developing the
25 plan and must at a minimum include estimated project costs in constant
26 dollars as well as year of expenditure dollars, the range of project
27 costs reflected by the level of project design, project contingencies,
28 identification of mitigation costs, the range of revenue forecasts, and
29 project and plan cash flow and bond analysis. The plan submitted to
30 the voters must provide cost estimates for each project, including
31 reasonable contingency costs. Plans submitted to the voters must
32 provide that the maximum amount possible of the funds raised will be
33 used to fund projects in the plan, including environmental improvements
34 and mitigation, and that administrative costs be minimized. If actual
35 revenue exceeds actual plan costs, the excess revenues must be used to
36 retire any outstanding debt associated with the plan.

37 (4) If a county opts not to adopt the plan or participate in the
38 regional transportation investment district, but two or more contiguous
39 counties do choose to continue to participate, then the coordinating

1 committee may, within ninety days, redefine the regional transportation
2 investment plan and the ballot measure to be submitted to the people to
3 reflect elimination of a county, and submit the redefined plan to the
4 legislative authorities of the remaining counties for their decision as
5 to whether to continue to adopt the redefined plan and participate.
6 This action must be completed within sixty days after receipt of the
7 redefined plan.

8 (5) Once adopted, the plan must be forwarded to the participating
9 county legislative authorities to initiate the election process under
10 section 107 of this act. The coordinating committee shall at the same
11 time provide notice to each city and town within the district, the
12 governor, the chairs of the transportation committees of the
13 legislature, the secretary of transportation, and each legislator whose
14 legislative district is partially or wholly within the boundaries of
15 the district.

16 (6) If the ballot measure is not approved, the coordinating
17 committee may redefine the selected projects, financing plan, and the
18 ballot measure. The county legislative authorities may approve the new
19 plan and ballot measure, and may then submit the revised proposition to
20 the voters at the next election or a special election. If no ballot
21 measure is approved by the voters by the third vote, the coordinating
22 committee is dissolved.

23 NEW SECTION. **Sec. 105. TAXES AND FEES.** (1) A regional
24 transportation investment district coordinating committee may, as part
25 of a regional transportation investment plan, recommend the imposition
26 of some or all of the following revenue sources, which a regional
27 transportation investment district may impose upon approval of the
28 voters as provided in this chapter:

29 (a) A regional sales and use tax, as specified in section 504 of
30 this act, of up to 0.5 percent of the selling price, in the case of a
31 sales tax, or value of the article used, in the case of a use tax, upon
32 the occurrence of any taxable event in the regional transportation
33 investment district;

34 (b) A local option vehicle license fee, as specified under section
35 508 of this act, of up to one hundred dollars per vehicle registered in
36 the district. As used in this subsection, "vehicle" means motor
37 vehicle as defined in RCW 46.04.320. Certain classes of vehicles, as
38 defined under chapter 46.04 RCW, may be exempted from this fee;

1 (c) A parking tax under RCW 82.80.030;
2 (d) A local motor vehicle excise tax under RCW 81.100.060;
3 (e) An employer excise tax under RCW 81.100.030; and
4 (f) Vehicle tolls, but only on new facilities. Unless otherwise
5 specified by law, the department shall administer the collection of
6 vehicle tolls on designated facilities, and the state transportation
7 commission, or its successor, shall be the tolling authority.

8 (2) Taxes, fees, and tolls may not be imposed without an
9 affirmative vote of the majority of the voters within the boundaries of
10 the district voting on a ballot proposition as set forth in section 107
11 of this act. Revenues from these taxes and fees may be used only to
12 implement the plan as set forth in this chapter. A district may
13 contract with the state department of revenue or other appropriate
14 entities for administration and collection of any of the taxes or fees
15 authorized in this section.

16 (3) Existing statewide motor vehicle fuel and special fuel taxes,
17 at the distribution rates in effect on January 1, 2001, are not
18 intended to be altered by this chapter.

19 (4)(a) The state sales and use taxes imposed and collected under
20 chapters 82.08 and 82.12 RCW, less any credits allowed under chapter
21 82.14 RCW, on initial construction for a project to be constructed
22 under this chapter must be transferred to the project or identified as
23 a credit on the project to defray costs or pay debt service on that
24 project. In the case of a toll project, the transfer or credit must be
25 used to lower the overall cost of the project and thereby the
26 corresponding tolls.

27 (b) This transaction is exempt from the requirements in RCW
28 43.135.035(4).

29 (c) Government entities constructing projects under this chapter
30 shall report to the department of revenue the amount of state sales or
31 use tax covered under this subsection (4).

32 NEW SECTION. **Sec. 106.** PERFORMANCE CRITERIA FOR REGIONAL PROJECT
33 SELECTION. (1) The coordinating committee shall consider the following
34 criteria for selecting projects to improve corridor performance:

- 35 (a) Reduced level of congestion and improved safety;
36 (b) Improved travel time;
37 (c) Improved air quality;

1 (d) Increases in daily and peak period person and vehicle trip
2 capacity;

3 (e) Reductions in person and vehicle delay;

4 (f) Improved freight mobility; and

5 (g) Cost-effectiveness of the investment.

6 (2) These criteria represent only minimum standards that must be
7 considered in selecting transportation improvement projects. The board
8 shall also consider rules and standards for benchmarks adopted by the
9 transportation commission or its successor.

10 NEW SECTION. Sec. 107. SUBMISSION OF PLAN TO THE VOTERS. Two or
11 more contiguous county legislative authorities, upon receipt of the
12 regional transportation investment plan under section 104 of this act,
13 may certify the plan to the ballot, including identification of the tax
14 options necessary to fund the plan. County legislative authorities may
15 draft a ballot title, give notice as required by law for ballot
16 measures, and perform other duties as required to put the plan before
17 the voters of the proposed district for their approval or rejection as
18 a single ballot measure that both approves formation of the district
19 and approves the plan. Counties must negotiate interlocal agreements
20 necessary to implement the plan. The electorate will be the voters
21 voting within the boundaries of the participating counties. A simple
22 majority of the total persons voting on the single ballot measure to
23 approve the plan, establish the district, and impose the taxes and fees
24 is required for approval.

25 NEW SECTION. Sec. 108. CERTIFICATION OF FORMATION. If the voters
26 approve the plan, including creation of a regional transportation
27 investment district and imposition of taxes and fees, the district will
28 be declared formed. The county election officials of participating
29 counties shall, within fifteen days of the final certification of the
30 election results, publish a notice in a newspaper or newspapers of
31 general circulation in the district declaring the district formed, and
32 mail copies of the notice to the governor, the secretary of
33 transportation, the executive director of the regional transportation
34 planning organization, and the county treasurer who is serving as the
35 district treasurer. A party challenging the procedure or the formation
36 of a voter-approved district must file the challenge in writing by
37 serving the prosecuting attorney of the participating counties and the

1 attorney general within thirty days after the final certification of
2 the election. Failure to challenge within that time forever bars
3 further challenge of the district's procedure or the valid formation.

4 NEW SECTION. **Sec. 109.** BOARD COMPOSITION. (1) The governing
5 board of a district consists of the members of the legislative
6 authority of each member county, acting ex officio and independently.
7 The secretary of transportation or the appropriate regional
8 administrator of the department, as named by the secretary, shall also
9 serve as a nonvoting member of the board.

10 (2) A sixty-percent majority of the weighted votes of the total
11 board membership is required to submit to the counties a modified plan
12 under section 114 of this act or any other proposal to be submitted to
13 the voters. The counties, may, with majority vote of each county
14 legislative authority, submit a modified plan or proposal to the
15 voters.

16 NEW SECTION. **Sec. 110.** BOARD ORGANIZATION. The board shall adopt
17 rules for the conduct of business. The board shall adopt bylaws to
18 govern district affairs, which may include:

- 19 (1) The time and place of regular meetings;
20 (2) Rules for calling special meetings;
21 (3) The method of keeping records of proceedings and official acts;
22 (4) Procedures for the safekeeping and disbursement of funds; and
23 (5) Any other provisions the board finds necessary to include.

24 NEW SECTION. **Sec. 111.** BOARD'S POWERS AND DUTIES. (1) The
25 governing board of the district is responsible for the execution of the
26 voter-approved plan. The board shall:

- 27 (a) Impose taxes and fees authorized by district voters;
28 (b) Enter into agreements with state, local, and regional agencies
29 and departments as necessary to accomplish district purposes and
30 protect the district's investment in projects;
31 (c) Accept gifts, grants, or other contributions of funds that will
32 support the purposes and programs of the district;
33 (d) Monitor and audit the progress and execution of projects to
34 protect the investment of the public and annually make public its
35 findings;

1 (e) Pay for services and enter into leases and contracts, including
2 professional service contracts;

3 (f) Hire no more than ten employees, including a director or
4 executive officer, a treasurer or financial officer, a project manager
5 or engineer, a project permit coordinator, and clerical staff; and

6 (g) Exercise other powers and duties as may be reasonable to carry
7 out the purposes of the district.

8 (2) It is the intent of the legislature that existing staff
9 resources of lead agencies be used in implementing this chapter. A
10 district may coordinate its activities with the department, which shall
11 provide services, data, and personnel to assist as desired by the
12 regional transportation investment district. Lead agencies for
13 projects that are not state facilities shall also provide staff support
14 for the board.

15 (3) A district may not acquire, hold, or dispose of real property.

16 (4) A district may not own, operate, or maintain an ongoing
17 facility, road, or transportation system.

18 (5) A district may accept and expend or use gifts, grants, or
19 donations.

20 (6) It is the intent of the legislature that administrative and
21 overhead costs of a regional transportation investment district be
22 minimized. For projects costing up to fifty million dollars,
23 administrative and overhead costs may not exceed three percent of the
24 total construction and design project costs per year. For projects
25 costing more than fifty million dollars, administrative and overhead
26 costs may not exceed three percent of the first fifty million dollars
27 in costs, plus an additional one-tenth of one percent of each
28 additional dollar above fifty million. These limitations apply only to
29 the district, and do not limit the administration or expenditures of
30 the department.

31 (7) A district may use the design-build procedure for projects
32 developed by it. As used in this section "design-build procedure"
33 means a method of contracting under which the district contracts with
34 another party for that party to both design and build the structures,
35 facilities, and other items specified in the contract. The
36 requirements and limitations of RCW 47.20.780 and 47.20.785 do not
37 apply to the projects under this chapter.

1 NEW SECTION. **Sec. 112.** TREASURER. The regional transportation
2 investment district, by resolution, shall designate a person having
3 experience in financial or fiscal matters as treasurer of the district.
4 The district may designate the treasurer of a county within which the
5 district is located to act as its treasurer. Such a treasurer has all
6 of the powers, responsibilities, and duties the county treasurer has
7 related to investing surplus funds. The district shall require a bond
8 with a surety company authorized to do business in this state in an
9 amount and under the terms and conditions the district, by resolution,
10 from time to time finds will protect the district against loss. The
11 district shall pay the premium on the bond.

12 In addition to the account established in section 501 of this act,
13 the treasurer may establish a special account, into which may be paid
14 district funds. The treasurer may disburse district funds only on
15 warrants issued by the district upon orders or vouchers approved by the
16 district.

17 If the treasurer of the district is the treasurer of a county, all
18 district funds must be deposited with a county depository under the
19 same restrictions, contracts, and security as provided for county
20 depositories. If the treasurer of the district is some other person,
21 all funds must be deposited in a bank or banks authorized to do
22 business in this state qualified for insured deposits under any federal
23 deposit insurance act as the district, by resolution, designates.

24 The district may provide and require a reasonable bond of any other
25 person handling moneys or securities of the district, but the district
26 shall pay the premium on the bond.

27 NEW SECTION. **Sec. 113.** DEBT AND BONDING. The district may borrow
28 money, but may not issue any debt of its own for more than two years'
29 duration. A district may issue notes or other evidences of
30 indebtedness with a maturity of not more than two years. A district
31 may, when authorized by the plan, enter into agreements with the lead
32 agencies to pledge taxes or other revenues of the district for the
33 purpose of paying in part or whole principal and interest on bonds
34 issued by the lead agency. The contracts pledging revenues and taxes
35 are binding for the term of the agreement, but not to exceed twenty-
36 five years, and no tax pledged by an agreement may be eliminated or
37 modified if it would impair the pledge of the agreement.

1 NEW SECTION. **Sec. 114.** PROJECT OR PLAN MODIFICATION--
2 ACCOUNTABILITY. (1) If a project cost exceeds its original cost by
3 more than twenty percent as identified in the plan:

4 (a) The board shall, in coordination with the county legislative
5 authorities, submit to the voters in the district a ballot measure that
6 redefines the scope of the project, its schedule, or its costs. If the
7 voters fail to approve the redefined project, the district shall
8 terminate work on that project, except that the district may take
9 reasonable steps to use, preserve, or connect any improvement already
10 constructed. The remainder of any funds that would otherwise have been
11 expended on the terminated project must first be used to retire any
12 outstanding debt attributable to the plan and then may be used to
13 implement the remainder of the plan.

14 (b) Alternatively, upon adoption of a resolution by two or more
15 participating counties:

16 (i) The counties shall submit to the voters in the district a
17 ballot measure that redefines the scope of the plan, its projects, its
18 schedule, or its costs. If the voters fail to approve the redefined
19 plan, the district shall terminate work on that plan, except that the
20 district may take reasonable steps to use, preserve, or connect any
21 improvement already constructed. The remainder of any funds must be
22 used to retire any outstanding debt attributable to the plan; or

23 (ii) The counties may elect to have the district continue the
24 project without submitting an additional ballot proposal to the voters.

25 (2) To assure accountability to the public for the timely
26 construction of the transportation improvement project or projects
27 within cost projections, the district shall issue a report, at least
28 annually, to the public and copies of the report to newspapers of
29 record in the district. In the report, the district shall indicate the
30 status of project costs, project expenditures, revenues, and
31 construction schedules. The report may also include progress towards
32 meeting the performance criteria provided under this chapter.

33 NEW SECTION. **Sec. 115.** STATE DEPARTMENT OF TRANSPORTATION ROLE.

34 (1) The department shall designate an office or division of dedicated
35 staff and services whose primary responsibility is to coordinate the
36 design, preliminary engineering, permitting, financing, and
37 construction of projects under consideration by a regional
38 transportation investment district coordinating committee or that are

1 part of a regional transportation investment plan being implemented by
2 a regional transportation investment district.

3 (2) All of the powers granted the department under Title 47 RCW
4 relating to highway construction may, at the request of a regional
5 transportation investment district, be used to implement a regional
6 transportation investment plan and construct transportation projects.

7 NEW SECTION. **Sec. 116.** STATE OWNS IMPROVEMENTS TO STATE
8 FACILITIES. Any improvement to a state facility constructed under this
9 chapter becomes and remains the property of this state.

10 NEW SECTION. **Sec. 117.** DISSOLUTION. Within thirty days of the
11 completion of the construction of the project or series of projects
12 forming the regional transportation investment plan, the district shall
13 terminate day-to-day operations and exist solely as a limited entity
14 that oversees the collection of revenue and the payment of debt service
15 or financing still in effect, if any. The district shall accordingly
16 adjust downward its employees, administration, and overhead expenses.
17 Any taxes, fees, or tolls imposed under an approved plan terminate when
18 the financing or debt service on the project or series of projects
19 constructed is completed and paid, thirty days from which point the
20 district shall dissolve itself and cease to exist. If there is no debt
21 outstanding, then the district shall dissolve within thirty days from
22 completion of construction of the project or series of projects forming
23 the regional transportation investment plan. Notice of dissolution
24 must be published in newspapers of general circulation within the
25 district at least three times in a period of thirty days. Creditors
26 must file claims for payment of claims due within thirty days of the
27 last published notice or the claim is extinguished.

28 NEW SECTION. **Sec. 118.** OTHER REGIONS. The legislature finds that
29 regional solutions to the state's transportation needs are of paramount
30 concern. The legislature further recognizes that different areas of
31 the state will need the flexibility to fashion local solutions to their
32 transportation problems, and that regional transportation systems may
33 evolve over time. Areas of the state outside of King, Snohomish, and
34 Pierce counties are eligible for grants from the state of no more than
35 one hundred fifty thousand dollars to study and develop regional
36 transportation models. Regions electing to participate in this pilot

1 program may form interlocal agreements within their regions and must
2 develop a model that can be used within their region. Regions
3 receiving these grants shall report to the transportation committees in
4 the senate and house of representatives on the positive and negative
5 aspects of the model as well as costs associated with it no later than
6 June 30, 2003.

7 **II. JOINT BALLOT WITH RTA**

8 NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of
9 the coordinating committee, and with the explicit approval of the
10 regional transit authority, the participating counties may choose to
11 impose any remaining high capacity transportation taxes under chapter
12 81.104 RCW that have not otherwise been used by a regional transit
13 authority and submit to the voters a common ballot measure that creates
14 the district, approves the regional transportation investment plan,
15 implements the taxes, and implements any remaining high capacity
16 transportation taxes within the boundaries of the regional
17 transportation investment district. Collection and expenditures of any
18 high capacity transportation taxes implemented under this section must
19 be determined by agreement between the participating counties or
20 district and the regional transit authority electing to submit high
21 capacity transportation taxes to the voters under a common ballot
22 measure as provided in this section. If the measure fails, all such
23 unused high capacity transportation taxes revert back to and remain
24 with the regional transit authority. A project constructed with this
25 funding is not considered a "transportation project" under section 102
26 of this act.

27 **Sec. 202.** RCW 81.104.140 and 1992 c 101 s 25 are each amended to
28 read as follows:

29 (1) Agencies authorized to provide high capacity transportation
30 service, including transit agencies and regional transit authorities,
31 and regional transportation investment districts acting with the
32 agreement of an agency, are hereby granted dedicated funding sources
33 for such systems. These dedicated funding sources, as set forth in RCW
34 81.104.150, 81.104.160, and 81.104.170, are authorized only for
35 agencies located in (a) each county with a population of two hundred
36 ten thousand or more and (b) each county with a population of from one

1 hundred twenty-five thousand to less than two hundred ten thousand
2 except for those counties that do not border a county with a population
3 as described under (a) of this subsection. In any county with a
4 population of one million or more or in any county having a population
5 of four hundred thousand or more bordering a county with a population
6 of one million or more, these funding sources may be imposed only by a
7 regional transit authority or a regional transportation investment
8 district. Regional transportation investment districts may, with the
9 approval of the regional transit authority within its boundaries,
10 impose the taxes authorized under this chapter, but only upon approval
11 of the voters and to the extent that the maximum amount of taxes
12 authorized under this chapter have not been imposed.

13 (2) Agencies planning to construct and operate a high capacity
14 transportation system should also seek other funds, including federal,
15 state, local, and private sector assistance.

16 (3) Funding sources should satisfy each of the following criteria
17 to the greatest extent possible:

- 18 (a) Acceptability;
- 19 (b) Ease of administration;
- 20 (c) Equity;
- 21 (d) Implementation feasibility;
- 22 (e) Revenue reliability; and
- 23 (f) Revenue yield.

24 (4) Agencies participating in regional high capacity transportation
25 system development are authorized to levy and collect the following
26 voter-approved local option funding sources:

- 27 (a) Employer tax as provided in RCW 81.104.150, other than by
28 regional transportation investment districts;
- 29 (b) Special motor vehicle excise tax as provided in RCW 81.104.160;
30 and
- 31 (c) Sales and use tax as provided in RCW 81.104.170.

32 Revenues from these taxes may be used only to support those
33 purposes prescribed in subsection (10) of this section. Before the
34 date of an election authorizing an agency to impose any of the taxes
35 enumerated in this section and authorized in RCW 81.104.150,
36 81.104.160, and 81.104.170, the agency must comply with the process
37 prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No
38 construction on exclusive right of way may occur before the
39 requirements of RCW 81.104.100(3) are met.

1 (5) Authorization in subsection (4) of this section shall not
2 adversely affect the funding authority of transit agencies not provided
3 for in this chapter. Local option funds may be used to support
4 implementation of interlocal agreements with respect to the
5 establishment of regional high capacity transportation service. Except
6 when a regional transit authority exists, local jurisdictions shall
7 retain control over moneys generated within their boundaries, although
8 funds may be commingled with those generated in other areas for
9 planning, construction, and operation of high capacity transportation
10 systems as set forth in the agreements.

11 (6) Agencies planning to construct and operate high capacity
12 transportation systems may contract with the state for collection and
13 transference of voter-approved local option revenue.

14 (7) Dedicated high capacity transportation funding sources
15 authorized in RCW 81.104.150, 81.104.160, and 81.104.170 shall be
16 subject to voter approval by a simple majority. A single ballot
17 proposition may seek approval for one or more of the authorized taxing
18 sources. The ballot title shall reference the document identified in
19 subsection (8) of this section.

20 (8) Agencies shall provide to the registered voters in the area a
21 document describing the systems plan and the financing plan set forth
22 in RCW 81.104.100. It shall also describe the relationship of the
23 system to regional issues such as development density at station
24 locations and activity centers, and the interrelationship of the system
25 to adopted land use and transportation demand management goals within
26 the region. This document shall be provided to the voters at least
27 twenty days prior to the date of the election.

28 (9) For any election in which voter approval is sought for a high
29 capacity transportation system plan and financing plan pursuant to RCW
30 81.104.040, a local voter's pamphlet shall be produced as provided in
31 chapter 29.81A RCW.

32 (10) Agencies providing high capacity transportation service shall
33 retain responsibility for revenue encumbrance, disbursement, and
34 bonding. Funds may be used for any purpose relating to planning,
35 construction, and operation of high capacity transportation systems and
36 commuter rail systems, personal rapid transit, busways, bus sets, and
37 entrained and linked buses.

38 **III. CITY MVET FOR MONORAIL**

1 subclassify according to their function and importance all designated
2 state highways and those added from time to time and periodically
3 review and revise the classifications into the following three
4 functional classes:

5 (a) The "principal arterial system" shall consist of a connected
6 network of rural arterial routes with appropriate extensions into and
7 through urban areas, including all routes designated as part of the
8 interstate system, which serve corridor movements having travel
9 characteristics indicative of substantial statewide and interstate
10 travel;

11 (b) The "minor arterial system" shall, in conjunction with the
12 principal arterial system, form a rural network of arterial routes
13 linking cities and other activity centers which generate long distance
14 travel, and, with appropriate extensions into and through urban areas,
15 form an integrated network providing interstate and interregional
16 service; and

17 (c) The "collector system" shall consist of routes which primarily
18 serve the more important intercounty, intracounty, and intraurban
19 travel corridors, collect traffic from the system of local access roads
20 and convey it to the arterial system, and on which, regardless of
21 traffic volume, the predominant travel distances are shorter than on
22 arterial routes.

23 (2) In making the functional classification the transportation
24 commission shall adopt and give consideration to criteria consistent
25 with this section and federal regulations relating to the functional
26 classification of highways, including but not limited to the following:

27 (a) Urban population centers within and without the state
28 stratified and ranked according to size;

29 (b) Important traffic generating economic activities, including but
30 not limited to recreation, agriculture, government, business, and
31 industry;

32 (c) Feasibility of the route, including availability of alternate
33 routes within and without the state;

34 (d) Directness of travel and distance between points of economic
35 importance;

36 (e) Length of trips;

37 (f) Character and volume of traffic;

38 (g) Preferential consideration for multiple service which shall
39 include public transportation;

1 (h) Reasonable spacing depending upon population density; and

2 (i) System continuity.

3 (3) The transportation commission or the legislature shall
4 designate state highways of statewide significance under RCW
5 47.06.140(~~(, and)~~). If the commission designates a state highway of
6 statewide significance, it shall submit a list of such facilities for
7 adoption by the ((1999)) legislature. This statewide system shall
8 include at a minimum interstate highways and other statewide principal
9 arterials that are needed to connect major communities across the state
10 and support the state's economy.

11 (4) The transportation commission shall designate a freight and
12 goods transportation system. This statewide system shall include state
13 highways, county roads, and city streets. The commission, in
14 cooperation with cities and counties, shall review and make
15 recommendations to the legislature regarding policies governing weight
16 restrictions and road closures which affect the transportation of
17 freight and goods.

18 NEW SECTION. Sec. 402. A new section is added to chapter 47.05
19 RCW to read as follows:

20 DESIGNATION OF STATE ROUTE NUMBER 509. The legislature designates
21 that portion of state route number 509 that runs or will run from state
22 route number 518 in the north to the intersection with interstate 5 in
23 the south as a state highway of statewide significance.

24 **V. FINANCE**

25 NEW SECTION. Sec. 501. REGIONAL TRANSPORTATION INVESTMENT
26 DISTRICT ACCOUNT. The regional transportation investment district
27 account is created in the custody of the state treasurer. The purpose
28 of this account is to act as an account into which may be deposited
29 state money, if any, that may be used in conjunction with district
30 money to fund transportation projects. Additionally, the district may
31 deposit funds into this account for disbursement, as appropriate, on
32 transportation projects. Nothing in this section requires any state
33 matching money. All money deposited in the regional transportation
34 investment district account will be used for design, right of way
35 acquisition, capital acquisition, and construction, or for the payment
36 of debt service associated with these activities, for regionally funded

1 projects developed under this chapter. Only the district may authorize
2 expenditures from the account. The account is subject to allotment
3 procedures under chapter 43.88 RCW. An appropriation is not required
4 for expenditures from this account.

5 **Sec. 502.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to
6 read as follows:

7 TOLL ROADS--REGIONAL TRANSPORTATION INVESTMENT DISTRICTS. The
8 department shall approve for construction only such toll roads as the
9 legislature specifically authorizes or such toll facilities as are
10 specifically sponsored by a regional transportation investment
11 district, city, town, or county.

12 **Sec. 503.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273
13 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended
14 to read as follows:

15 DEPOSIT OF SURPLUS BALANCE INVESTMENT EARNINGS--TREASURY INCOME
16 ACCOUNT--ACCOUNTS AND FUNDS CREDITED. (*EFFECTIVE MARCH 1, 2002.*) (1)
17 All earnings of investments of surplus balances in the state treasury
18 shall be deposited to the treasury income account, which account is
19 hereby established in the state treasury.

20 (2) The treasury income account shall be utilized to pay or receive
21 funds associated with federal programs as required by the federal cash
22 management improvement act of 1990. The treasury income account is
23 subject in all respects to chapter 43.88 RCW, but no appropriation is
24 required for refunds or allocations of interest earnings required by
25 the cash management improvement act. Refunds of interest to the
26 federal treasury required under the cash management improvement act
27 fall under RCW 43.88.180 and shall not require appropriation. The
28 office of financial management shall determine the amounts due to or
29 from the federal government pursuant to the cash management improvement
30 act. The office of financial management may direct transfers of funds
31 between accounts as deemed necessary to implement the provisions of the
32 cash management improvement act, and this subsection. Refunds or
33 allocations shall occur prior to the distributions of earnings set
34 forth in subsection (4) of this section.

35 (3) Except for the provisions of RCW 43.84.160, the treasury income
36 account may be utilized for the payment of purchased banking services
37 on behalf of treasury funds including, but not limited to, depository,

1 safekeeping, and disbursement functions for the state treasury and
2 affected state agencies. The treasury income account is subject in all
3 respects to chapter 43.88 RCW, but no appropriation is required for
4 payments to financial institutions. Payments shall occur prior to
5 distribution of earnings set forth in subsection (4) of this section.

6 (4) Monthly, the state treasurer shall distribute the earnings
7 credited to the treasury income account. The state treasurer shall
8 credit the general fund with all the earnings credited to the treasury
9 income account except:

10 (a) The following accounts and funds shall receive their
11 proportionate share of earnings based upon each account's and fund's
12 average daily balance for the period: The capitol building
13 construction account, the Cedar River channel construction and
14 operation account, the Central Washington University capital projects
15 account, the charitable, educational, penal and reformatory
16 institutions account, the common school construction fund, the county
17 criminal justice assistance account, the county sales and use tax
18 equalization account, the data processing building construction
19 account, the deferred compensation administrative account, the deferred
20 compensation principal account, the department of retirement systems
21 expense account, the drinking water assistance account, the drinking
22 water assistance administrative account, the drinking water assistance
23 repayment account, the Eastern Washington University capital projects
24 account, the education construction fund, the emergency reserve fund,
25 the federal forest revolving account, the health services account, the
26 public health services account, the health system capacity account, the
27 personal health services account, the state higher education
28 construction account, the higher education construction account, the
29 highway infrastructure account, the industrial insurance premium refund
30 account, the judges' retirement account, the judicial retirement
31 administrative account, the judicial retirement principal account, the
32 local leasehold excise tax account, the local real estate excise tax
33 account, the local sales and use tax account, the medical aid account,
34 the mobile home park relocation fund, the multimodal transportation
35 account, the municipal criminal justice assistance account, the
36 municipal sales and use tax equalization account, the natural resources
37 deposit account, the oyster reserve land account, the perpetual
38 surveillance and maintenance account, the public employees' retirement
39 system plan 1 account, the public employees' retirement system combined

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

33 (b) The following accounts and funds shall receive eighty percent
34 of their proportionate share of earnings based upon each account's or
35 fund's average daily balance for the period: The aeronautics account,
36 the aircraft search and rescue account, the county arterial
37 preservation account, the department of licensing services account, the
38 essential rail assistance account, the ferry bond retirement fund, the
39 grade crossing protective fund, the high capacity transportation

1 account, the highway bond retirement fund, the highway safety account,
2 the motor vehicle fund, the motorcycle safety education account, the
3 pilotage account, the public transportation systems account, the Puget
4 Sound capital construction account, the Puget Sound ferry operations
5 account, the recreational vehicle account, the rural arterial trust
6 account, the safety and education account, the special category C
7 account, the state patrol highway account, the transportation equipment
8 fund, the transportation fund, the transportation improvement account,
9 the transportation improvement board bond retirement account, and the
10 urban arterial trust account.

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

14 NEW SECTION. **Sec. 504.** A new section is added to chapter 82.14
15 RCW to read as follows:

16 SALES AND USE TAX. (1) If approved by the majority of the voters
17 within its boundaries voting on the ballot proposition, a regional
18 transportation investment district may impose a sales and use tax of up
19 to 0.5 percent of the selling price or value of the article used in the
20 case of a use tax. The tax authorized by this section is in addition
21 to the tax authorized by RCW 82.14.030 and must be collected from those
22 persons who are taxable by the state under chapters 82.08 and 82.12 RCW
23 upon the occurrence of any taxable event within the taxing district.
24 Motor vehicles, as defined in RCW 46.04.320, are exempt from the sales
25 and use tax imposed under this subsection.

26 (2) A use tax may be imposed on the privilege of using a motor
27 vehicle within a regional transportation investment district. The tax
28 applies to those persons who reside within the regional transportation
29 investment district. The rate of the tax may not exceed 0.5 percent of
30 the value of the motor vehicle. The tax authorized by this subsection
31 is in addition to the tax authorized under RCW 82.14.030 and must be
32 imposed and collected at the time a taxable event under RCW
33 82.08.020(1) or 82.12.020 takes place. All revenue received under this
34 subsection must be deposited in the local sales and use tax account and
35 distributed to the regional transportation investment district
36 according to RCW 82.14.050. The following provisions apply to the use
37 tax in this subsection:

1 (a) Where persons are taxable under chapter 82.08 RCW, the seller
2 shall collect the use tax from the buyer using the collection
3 provisions of RCW 82.08.050.

4 (b) Where persons are taxable under chapter 82.12 RCW, the use tax
5 must be collected using the provisions of RCW 82.12.045.

6 (c) "Motor vehicle" has the meaning given in RCW 46.04.320.

7 (d) "Person" has the meaning given in RCW 82.04.030.

8 (e) The value of a motor vehicle must be determined under RCW
9 82.12.010.

10 (f) Except as specifically stated in this subsection (2), chapters
11 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax
12 imposed under the authority of chapter 82.14 RCW, and chapter 82.14 RCW
13 applies fully to the use tax.

14 NEW SECTION. **Sec. 505.** A new section is added to chapter 43.135
15 RCW to read as follows:

16 SALES AND USE TAX CREDIT SHIFT. A transfer or credit from the
17 general fund of sales and use tax paid on a transportation project
18 being constructed by a regional transportation investment district does
19 not require a corresponding lowering of the state expenditure limit to
20 reflect this shift for purposes of RCW 43.135.035(4).

21 **Sec. 506.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to
22 read as follows:

23 CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties,
24 cities, and transportation authorities under RCW 82.14.045 ~~((and))~~,
25 public facilities districts under chapters 36.100 and 35.57 RCW, and
26 regional transportation investment districts shall contract, prior to
27 the effective date of a resolution or ordinance imposing a sales and
28 use tax, the administration and collection to the state department of
29 revenue, which shall deduct a percentage amount, as provided by
30 contract, not to exceed two percent of the taxes collected for
31 administration and collection expenses incurred by the department. The
32 remainder of any portion of any tax authorized by this chapter
33 ~~((which))~~ that is collected by the department of revenue shall be
34 deposited by the state department of revenue in the local sales and use
35 tax account hereby created in the state treasury. Moneys in the local
36 sales and use tax account may be spent only for distribution to
37 counties, cities, transportation authorities, ~~((and))~~ public facilities

1 districts, and regional transportation investment districts imposing a
2 sales and use tax. All administrative provisions in chapters 82.03,
3 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be
4 amended, shall, insofar as they are applicable to state sales and use
5 taxes, be applicable to taxes imposed pursuant to this chapter. Except
6 as provided in RCW 43.08.190, all earnings of investments of balances
7 in the local sales and use tax account shall be credited to the local
8 sales and use tax account and distributed to the counties, cities,
9 transportation authorities, ~~((and))~~ public facilities districts, and
10 regional transportation investment districts monthly.

11 NEW SECTION. Sec. 507. A new section is added to chapter 82.32
12 RCW to read as follows:

13 CREDIT ON SALES TAX ON TOLL PROJECTS. (1) The tax imposed and
14 collected under chapters 82.08 and 82.12 RCW, less any credits allowed
15 under chapter 82.14 RCW, on initial construction for a project to be
16 constructed under chapter 36.-- RCW (sections 101 through 117, 201, and
17 501 of this act), must be transferred to the project or identified as
18 a credit on the project to defray costs or pay debt service on that
19 project. In the case of a toll project, this transfer or credit must
20 be used to lower the overall cost of the project and thereby the
21 corresponding tolls.

22 (2) This transaction is exempt from the requirements in RCW
23 43.135.035(4).

24 (3) Government entities constructing projects under chapter 36.--
25 RCW (sections 101 through 117, 201, and 501 of this act) shall report
26 to the department the amount of state sales or use tax covered under
27 this section.

28 NEW SECTION. Sec. 508. A new section is added to chapter 82.80
29 RCW to read as follows:

30 LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority
31 of the voters within its boundaries voting on the ballot proposition,
32 a regional transportation investment district may set and impose an
33 annual local option vehicle license fee, or a schedule of fees based
34 upon the age of the vehicle, of up to one hundred dollars per motor
35 vehicle registered within the boundaries of the region on every motor
36 vehicle, as defined in RCW 46.04.320. Vehicles registered under
37 chapter 46.87 RCW and the International Registration Plan are exempt

1 from the annual local option vehicle license fee set forth in this
2 section. The department of licensing shall administer and collect this
3 fee on behalf of regional transportation investment districts and remit
4 this fee to the custody of the state treasurer for monthly distribution
5 under RCW 82.80.080.

6 (2) The local option vehicle license fee applies only when
7 establishing or renewing a vehicle registration. This fee is effective
8 with the registration expiration date as provided by the department of
9 licensing.

10 (3) A regional transportation investment district imposing the
11 local option vehicle license fee or initiating an exemption process
12 shall enter into a contract with the department of licensing. The
13 contract must contain provisions that fully recover the costs to the
14 department of licensing for collection and administration of the fee.

15 (4) A regional transportation investment district imposing the
16 local option fee shall delay the effective date of the local option
17 vehicle license fee imposed by this section at least six months from
18 the date of the final certification of the approval election to allow
19 the department of licensing to implement the administration and
20 collection of or exemption from the fee.

21 NEW SECTION. **Sec. 509.** A new section is added to chapter 47.56
22 RCW to read as follows:

23 AUTHORIZATION FOR DISTRICT TO IMPOSE TOLLS. Upon approval of a
24 majority of the voters within its boundaries voting on the ballot
25 proposition, and only for the purposes authorized in section 105(1)(g)
26 of this act, a regional transportation investment district may impose
27 vehicle tolls on state routes where improvements financed in whole or
28 in part by a regional transportation investment district add additional
29 lanes to a highway of statewide significance. The department shall
30 administer the collection of vehicle tolls on designated facilities
31 unless otherwise specified in law, and the state transportation
32 commission, or its successor, shall be the tolling authority.

33 **Sec. 510.** RCW 47.56.075 and 1984 c 7 s 252 are each amended to
34 read as follows:

35 DEPARTMENT OF TRANSPORTATION AUTHORIZATION FOR DISTRICT TOLL
36 FACILITIES. The department shall approve for construction only such
37 toll roads as the legislature specifically authorizes or such toll

1 facilities as are specifically sponsored by a regional transportation
2 investment district, city, town, or county.

3 **Sec. 511.** RCW 81.100.010 and 1990 c 43 s 12 are each amended to
4 read as follows:

5 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The
6 need for mobility, growing travel demand, and increasing traffic
7 congestion in urban areas necessitate accelerated development and
8 increased utilization of the high-occupancy vehicle system. RCW
9 81.100.030 and 81.100.060 provide taxing authority that counties or
10 regional transportation investment districts can use in the near term
11 to accelerate development and increase utilization of the
12 high-occupancy vehicle system by supplementing available federal,
13 state, and local funds.

14 **Sec. 512.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to
15 read as follows:

16 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE EMPLOYER TAX.
17 (1) A county with a population of one million or more, or a county with
18 a population of from two hundred ten thousand to less than one million
19 that is adjoining a county with a population of one million or more,
20 and having within its boundaries existing or planned high-occupancy
21 vehicle lanes on the state highway system, or a regional transportation
22 investment district for capital improvements, but only to the extent
23 that the tax has not already been imposed by the county, may, with
24 voter approval impose an excise tax of up to two dollars per employee
25 per month on all employers or any class or classes of employers, public
26 and private, including the state located in the agency's jurisdiction,
27 measured by the number of full-time equivalent employees. In no event
28 may the total taxes imposed under this section exceed two dollars per
29 employee per month for any single employer. The county or investment
30 district imposing the tax authorized in this section may provide for
31 exemptions from the tax to such educational, cultural, health,
32 charitable, or religious organizations as it deems appropriate.

33 Counties or investment districts may contract with the state
34 department of revenue or other appropriate entities for administration
35 and collection of the tax. Such contract shall provide for deduction
36 of an amount for administration and collection expenses.

1 (2) The tax shall not apply to employment of a person when the
2 employer has paid for at least half of the cost of a transit pass
3 issued by a transit agency for that employee, valid for the period for
4 which the tax would otherwise be owed.

5 (3) A county or investment district shall adopt rules (~~which~~)
6 that exempt from all or a portion of the tax any employer that has
7 entered into an agreement with the county or investment district that
8 is designed to reduce the proportion of employees who drive in single-
9 occupant vehicles during peak commuting periods in proportion to the
10 degree that the agreement is designed to meet the goals for the
11 employer's location adopted under RCW 81.100.040.

12 The agreement shall include a list of specific actions that the
13 employer will undertake to be entitled to the exemption. Employers
14 having an exemption from all or part of the tax through this subsection
15 shall annually certify to the county or investment district that the
16 employer is fulfilling the terms of the agreement. The exemption
17 continues as long as the employer is in compliance with the agreement.

18 If the tax authorized in RCW 81.100.060 is also imposed (~~by the~~
19 ~~county~~), the total proceeds from both tax sources each year shall not
20 exceed the maximum amount which could be collected under RCW
21 81.100.060.

22 **Sec. 513.** RCW 81.100.060 and 1998 c 321 s 34 are each amended to
23 read as follows:

24 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE
25 EXCISE TAX. A county with a population of one million or more and a
26 county with a population of from two hundred ten thousand to less than
27 one million that is adjoining a county with a population of one million
28 or more, having within their boundaries existing or planned
29 high-occupancy vehicle lanes on the state highway system, or a regional
30 transportation investment district for capital improvements, but only
31 to the extent that the surcharge has not already been imposed by the
32 county, may, with voter approval, impose a local surcharge of not more
33 than 13.64 percent on the state motor vehicle excise tax paid under RCW
34 82.44.020(1) on vehicles registered to a person residing within the
35 county and on the state sales and use taxes paid under the rate in RCW
36 82.08.020(2) on retail car rentals within the county or investment
37 district. A county may impose the surcharge only to the extent that it
38 has not been imposed by the district. No surcharge may be imposed on

1 vehicles licensed under RCW 46.16.070 except vehicles with an unladen
2 weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or
3 46.16.090.

4 Counties or investment districts imposing a tax under this section
5 shall contract, before the effective date of the resolution or
6 ordinance imposing a surcharge, administration and collection to the
7 state department of licensing, and department of revenue, as
8 appropriate, which shall deduct an amount, as provided by contract, for
9 administration and collection expenses incurred by the department. All
10 administrative provisions in chapters 82.03, 82.32, and 82.44 RCW
11 shall, insofar as they are applicable to (~~state~~) motor vehicle excise
12 taxes, be applicable to surcharges imposed under this section. All
13 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32
14 RCW shall, insofar as they are applicable to state sales and use taxes,
15 be applicable to surcharges imposed under this section.

16 If the tax authorized in RCW 81.100.030 is also imposed (~~by the~~
17 ~~county~~), the total proceeds from tax sources imposed under this
18 section and RCW 81.100.030 each year shall not exceed the maximum
19 amount which could be collected under this section.

20 **Sec. 514.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to
21 read as follows:

22 DISTRICT AUTHORITY TO IMPOSE PARKING TAX. (1) Subject to the
23 conditions of this section, the legislative authority of a county
24 (~~or~~) city, or district may fix and impose a parking tax on all
25 persons engaged in a commercial parking business within its respective
26 jurisdiction. The jurisdiction of a county, for purposes of this
27 section, includes only the unincorporated area of the county. The
28 jurisdiction of a city, or district includes only the area within its
29 (~~incorporated~~) boundaries.

30 (2) In lieu of the tax in subsection (1) of this section, a city
31 (~~or~~) a county in its unincorporated area, or a district may fix and
32 impose a tax for the act or privilege of parking a motor vehicle in a
33 facility operated by a commercial parking business.

34 The city (~~or~~) county, or district may provide that:

- 35 (a) The tax is paid by the operator or owner of the motor vehicle;
36 (b) The tax applies to all parking for which a fee is paid, whether
37 paid or leased, including parking supplied with a lease of
38 nonresidential space;

1 (c) The tax is collected by the operator of the facility and
2 remitted to the city (~~(or)~~), county, or district;

3 (d) The tax is a fee per vehicle or is measured by the parking
4 charge;

5 (e) The tax rate varies with zoning or location of the facility,
6 the duration of the parking, the time of entry or exit, the type or use
7 of the vehicle, or other reasonable factors; and

8 (f) Tax exempt carpools, vehicles with handicapped decals, or
9 government vehicles are exempt from the tax.

10 (3) "Commercial parking business" as used in this section, means
11 the ownership, lease, operation, or management of a commercial parking
12 lot in which fees are charged. "Commercial parking lot" means a
13 covered or uncovered area with stalls for the purpose of parking motor
14 vehicles.

15 (4) The rate of the tax under subsection (1) of this section may be
16 based either upon gross proceeds or the number of vehicle stalls
17 available for commercial parking use. The rates charged must be
18 uniform for the same class or type of commercial parking business.

19 (5) The county (~~(or)~~), city, or district levying the tax provided
20 for in subsection (1) or (2) of this section may provide for its
21 payment on a monthly, quarterly, or annual basis. Each local
22 government may develop by ordinance or resolution rules for
23 administering the tax, including provisions for reporting by commercial
24 parking businesses, collection, and enforcement.

25 (6) The proceeds of the commercial parking tax fixed and imposed by
26 a city or county under subsection (1) or (2) of this section shall be
27 used strictly for transportation purposes in accordance with RCW
28 82.80.070. The proceeds of the parking tax imposed by a district must
29 be used as provided in chapter 36.-- RCW (sections 101 through 117,
30 201, and 501 of this act).

31 **Sec. 515.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to
32 read as follows:

33 REQUIRES THAT LOCAL OPTION TAXES IMPOSED BY DISTRICT BE USED FOR
34 DISTRICT PROJECTS. (1) The proceeds collected pursuant to the exercise
35 of the local option authority of RCW 82.80.010, 82.80.020, 82.80.030,
36 and 82.80.050 (hereafter called "local option transportation revenues")
37 shall be used for transportation purposes only, including but not
38 limited to the following: The operation and preservation of roads,

1 streets, and other transportation improvements; new construction,
2 reconstruction, and expansion of city streets, county roads, and state
3 highways and other transportation improvements; development and
4 implementation of public transportation and high-capacity transit
5 improvements and programs; and planning, design, and acquisition of
6 right of way and sites for such transportation purposes. The proceeds
7 collected from excise taxes on the sale, distribution, or use of motor
8 vehicle fuel and special fuel under RCW 82.80.010 shall be used
9 exclusively for "highway purposes" as that term is construed in Article
10 II, section 40 of the state Constitution.

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

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

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

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

29 (c) The program shall indicate how the local transportation plan is
30 coordinated with applicable transportation plans for the region and for
31 adjacent jurisdictions.

32 (d) The program shall include at least a six-year funding plan,
33 updated annually, identifying the specific public and private sources
34 and amounts of revenue necessary to fund the program. The program
35 shall include a proposed schedule for construction of projects and
36 expenditure of revenues. The funding plan shall consider the
37 additional local tax revenue estimated to be generated by new
38 development within the plan area if all or a portion of the additional

1 revenue is proposed to be earmarked as future appropriations for
2 transportation improvements in the program.

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

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

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

16 (b) Second, it is necessitated by existing or reasonably
17 foreseeable congestion;

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

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

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

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

35 (7) Local governments are encouraged to enter into interlocal
36 agreements to jointly develop and adopt with other local governments
37 the transportation programs required by this section for the purpose of
38 accomplishing regional transportation planning and development.

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

5 (9) Subsections (1) through (8) of this section do not apply to a
6 regional transportation investment district imposing a tax or fee under
7 the local option authority of this chapter. Proceeds collected under
8 the exercise of local option authority under this chapter by a district
9 must be used in accordance with chapter 36.-- RCW (sections 101 through
10 117, 201, and 501 of this act). Proceeds collected under RCW 82.80.010
11 by a district must be used exclusively for "highway purposes," as that
12 term is construed under Article II, section 40 of the Washington state
13 Constitution.

14 **Sec. 516.** RCW 82.80.080 and 1998 c 281 s 2 are each amended to
15 read as follows:

16 LOCAL OPTION TAX REVENUE DISTRIBUTION. (1) The state treasurer
17 shall distribute revenues, less authorized deductions, generated by the
18 local option taxes authorized in RCW 82.80.010 and 82.80.020, levied by
19 counties to the levying counties, and cities contained in those
20 counties, based on the relative per capita population. County
21 population for purposes of this section is equal to one and one-half of
22 the unincorporated population of the county. In calculating the
23 distributions, the state treasurer shall use the population estimates
24 prepared by the state office of financial management and shall further
25 calculate the distribution based on information supplied by the
26 departments of licensing and revenue, as appropriate.

27 (2) The state treasurer shall distribute revenues, less authorized
28 deductions, generated by the local option taxes authorized in RCW
29 82.80.010 and 82.80.020 levied by qualifying cities and towns to the
30 levying cities and towns.

31 (3) The state treasurer shall distribute to the district revenues,
32 less authorized deductions, generated by the local option taxes under
33 RCW 82.80.010 or fees under section 508 of this act levied by a
34 district.

35 NEW SECTION. **Sec. 517.** A new section is added to chapter 82.80
36 RCW to read as follows:

1 DISTRICT DEFINED FOR LOCAL TAXES. For the purposes of this
2 chapter, "district" means a regional transportation investment district
3 created under chapter 36.-- RCW (sections 101 through 117, 201, and 501
4 of this act).

5 **VI. OTHER PROVISIONS**

6 NEW SECTION. **Sec. 601.** CAPTIONS AND SUBHEADINGS. Captions and
7 subheadings used in this act are not part of the law.

8 NEW SECTION. **Sec. 602.** TERMINATION OF DISTRICTS. Regional
9 transportation investment districts and their powers and duties are
10 terminated on June 30, 2006. However, nothing in this section may be
11 construed as impairing a district created before June 30, 2006, from
12 continuing to collect approved revenues and make payment on projects or
13 debt incurred.

14 NEW SECTION. **Sec. 603.** CODIFICATION. Sections 101 through 117,
15 201, and 501 of this act constitute a new chapter in Title 36 RCW.

16 NEW SECTION. **Sec. 604.** SEVERABILITY. If any provision of this
17 act or its application to any person or circumstance is held invalid,
18 the remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 605.** NULL AND VOID. This act is null and void
21 if a transportation revenue act containing new or additional revenue
22 does not become law by December 31, 2002.

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