

SENATE BILL REPORT

SB 5585

As Reported By Senate Committee On:
Highways & Transportation, January 21, 2004

Title: An act relating to transportation benefit districts.

Brief Description: Expanding the authority of transportation benefit districts.

Sponsors: Senators Swecker, Jacobsen, Oke, Spanel, Prentice, Haugen, Rasmussen, Parlette, Mulliken, Zarelli, Hale, Finkbeiner, Deccio and Horn.

Brief History:

Committee Activity: Highways & Transportation: 1/29/03, 2/19/03 [DPS, DNP]; 1/20/04, 1/21/04 [DP2S].

SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

Majority Report: That Second Substitute Senate Bill No. 5585 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Horn, Chair; Swecker, Vice Chair; Esser, Haugen, Kastama, Murray, Oke and Spanel.

Staff: Kelly Simpson (786-7403)

Background: Current law permits a county or city to establish one or more transportation benefit districts (TBDs) within its jurisdiction to fund improvements to city streets, county roads, and state highways. When establishing the TBD area, the jurisdiction proposing to create the TBD may only include other counties and cities through interlocal agreements. A TBD expenditure plan must be specified in the ordinance establishing the TBD, and may not be changed without first going before a public hearing. A TBD must be dissolved when all debt has been paid and anticipated responsibilities have been satisfied.

TBDs are governed by the legislative authority of the jurisdiction proposing to create a TBD. When multiple jurisdictions are involved in establishing a TBD, however, the governance structure is controlled by interlocal agreement.

TBDs have independent taxing authority to implement the following revenue measures: (1) excess property taxes; (2) general obligation bonds; and (3) transportation impact fees. Additionally, TBDs may form local improvement districts with authority to impose special assessments on property benefitted by the improvements and to issue special assessment bonds.

Summary of Second Substitute Bill: The law governing transportation benefit districts is expanded.

Establishment of TBDs: TBDs may only be formed in areas outside of a county with a population greater than 1.5 million and any adjoining counties with a population greater than

500,000. Jurisdictions with authority to initiate a TBD include counties and cities. However, port districts and transit districts may participate in the establishment of a TBD. The TBD area must include the entire area within each participating jurisdiction. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions.

Transportation Improvements: TBDs may fund capital improvements relating to or supporting highways of statewide significance, and may include specified associated capital projects. A TBD may spend up to 20 percent of its generated revenue on local street, road, and highway improvements, and up to 40 percent on improvements in rural counties.

Revenue Options: In addition to the revenue options available to TBDs under current law, a TBD may implement the following revenue measures: (1) local option sales and use taxes; (2) local option vehicle license fees; (3) local option fuel taxes; (4) employer excise taxes; and (5) vehicle tolls. A TBD may only implement revenue measures approved by the local voters.

Revenue rates, once imposed, may not be increased, unless authorized by voter approval. If project costs exceed original costs by more than 20 percent, a redefined plan must be sent to the voters for their approval.

Second Substitute Bill Compared to Original Bill: Port districts and transit districts may not initiate the establishment of a TBD, but may participate in a TBD established by a county or city. "Transportation improvements" are redefined to include local street, road, or highway improvements if no more than 20 percent of TBD revenues are spent on such projects, and no more than 40 percent for projects in rural counties. The local option MVET is replaced with a local option fuel tax, and the parking tax is removed. Bonding authority is clarified and debt limits are increased to the constitutional maximums. Tolling authority is clarified. Revenue measures require voter approval. Finally, if cost overruns occur at greater than 20 percent of the original costs, a redefined plan must be sent to the voters for their approval.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2004.

Testimony For: The Legislature enacted legislation providing for the funding of regional transportation improvements in the central Puget Sound area. This bill would offer similar regional transportation funding options to the other regions of the state. The legislation provides a voluntary mechanism for local jurisdictions to address specific needs they have at a regional level. The bill expands current law authority by increasing the flexibility offered to local jurisdictions to make necessary capital transportation improvements.

Testimony Against: None.

Testified: Senator Swecker, sponsor (pro); Jim Boldt, WA Auto Dealers (concerns); T.K. Bentler, WA State Independent Auto Dealers Assn. (concerns); Kevin Shively, Transportation Choices Coalition (concerns); Scott Merriman, Assoc. of Counties (pro); Dick Little, City of Bellingham (pro); Jackie White, Assoc. of WA Cities (pro); Rick Wickman, Identity Clark

Co. (pro); Ginger Metcalf, Identity Clark Co. (pro); Thayer Rorabaugh, City of Vancouver (pro).