

HOUSE BILL REPORT

ESHB 2871

As Amended by the Senate

Title: An act relating to regional transportation governance.

Brief Description: Modifying regional transportation governance provisions.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Murray, Dickerson, Appleton and Simpson).

Brief History:

Committee Activity:

Transportation: 1/17/06, 2/6/06 [DPS].

Floor Activity:

Passed House: 2/21/06, 71-26.

Senate Amended.

Passed Senate: 3/1/06, 36-10.

Brief Summary of Engrossed Substitute Bill

- Creating a new Regional Transportation Commission (Commission) to develop a regional transportation governance proposal and submit it to the 2007 Legislature, to develop an integrated regional transportation finance plan for submission to the voters, and to evaluate other regional transportation planning and coordination issues.
- Modifying the planning, revenue, and ballot authority statutes of the Regional Transportation Investment District, and the ballot authority statute of the Regional Transit Authority.
- Providing the City of Seattle with the taxing authority of the Seattle Popular Monorail Authority for purposes of funding nonmonorail transit within Seattle city limits, subject to approval by the voters.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives Murray, Chair; Wallace, Vice Chair; Woods, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Appleton, Buck, Campbell, Clibborn, Curtis, Dickerson, Flannigan, Hudgins, Jarrett, Kilmer, Lovick, Morris, Nixon, Rodne, Schindler, Sells, Shabro, B. Sullivan, Takko and Upthegrove.

Minority Report: Do not pass. Signed by 5 members: Representatives Ericksen, Hankins, Holmquist, Simpson and Wood.

Staff: David Bowman (786-7339).

Background:

Overview - Regional Transportation Governance and Planning

Numerous agencies are charged with the planning, funding, development and operation of transportation facilities in the central Puget Sound region. Agencies involved in the planning, funding, and operation of local and regional transportation systems are wholly separate governmental units with few laws or rules requiring coordination of their efforts. There is no overarching governing entity overseeing regional transportation system planning or controlling ballot measures submitted to the people for approval.

The establishment and maintenance of regional governing bodies to oversee and implement transportation planning in metropolitan areas is a prerequisite to the state's receipt of federal transportation funding, including highway funding. Federal law requires that metropolitan areas greater than 50,000 persons have a metropolitan planning organization (MPO) and that designation is made by the Governor and local government officials. State law authorizes local governments to voluntarily form regional transportation planning organizations (RTPOs). In urbanized areas, an RTPO and MPO are one and the same entity.

Metropolitan Planning Organizations and Regional Transportation Planning Organizations

Metropolitan areas greater than 50,000 persons must have a MPO under federal law. This designation is made by the Governor and must have the concurrence of local government officials representing 75 percent of the population within the area, including the central city; or as otherwise provided for by state or local law. The formation of MPOs is a precondition for receiving federal highway and transit funds. There are currently 11 MPOs in Washington.

Federal law requires MPOs to develop a metropolitan transportation plan with a 20-year horizon, and a three-year financially constrained transportation improvement program. Federal law also requires MPOs to have a transportation policy board which includes local elected officials, officials of agencies that administer or operate major modes or transportation systems and appropriate state officials.

State law, meanwhile, authorizes the voluntary association of governments for transportation planning purposes in the form of RTPOs. The federally-mandated MPOs are designated as the RTPOs under the state's 1990 Growth Management Act (GMA). State requirements for regional transportation planning largely mirrored federal requirements and also include a requirement to certify that the transportation elements of local comprehensive plans conform with the GMA and are consistent with the regional transportation plan.

The MPO and RTPO for King, Pierce, Snohomish and Kitsap counties is the Puget Sound Regional Council (PSRC). The PSRC develops a metropolitan transportation plan with a 20-year horizon, and a three-year financially constrained transportation improvement program.

Under state law, RTPOs are required to certify that the transportation elements of local comprehensive plans conform with the GMA and are consistent with the regional transportation plan. Pursuant to both federal and state laws, the PSRC has a Transportation Policy Board which includes local elected officials, officials of agencies that administer or operate major modes or transportation systems and appropriate state officials. The PSRC also scores projects for distribution of federal funds for which it is responsible.

Within the PSRC area, transportation planning, funding, development and/or services are provided by numerous public agencies. These include: the Department of Transportation, responsible for state highways within the region; four county governments; over 65 cities; six public transportation agencies including the Seattle Monorail Authority; the three-county Regional Transit Authority (RTA, or Sound Transit); Washington State Ferries, a division of the Department of Transportation, operating both auto and passenger-only ferry service; and several port districts. In addition, in 2002, a Regional Transportation Investment District (RTID) was authorized for the purpose of planning, funding, and building projects to address highway corridor needs in King, Pierce, and Snohomish counties.

Regional Transportation Investment District

Implementation of the RTID requires at least two contiguous counties forming the district, and requires the establishment of a planning committee to develop a plan for transportation investments in the three-county district and identification of revenue options to fund them. The planning committee comprises the council members of King, Pierce, and Snohomish counties. County council members' votes are weighted proportionally to population. The Secretary of Transportation is a non-voting member.

The RTID boundaries are coextensive with the boundaries of the contiguous counties that established the district. Currently there is no opportunity for a portion of the district to be exempt from the district, once it is created.

Projects eligible for the RTID funding, and which may be included in a regional transportation investment plan, are capital improvements to: (1) highways of statewide significance including new lanes and earthquake repairs; (2) highways of statewide significance which may include High Occupancy Vehicle (HOV) lanes and associated multimodal capital improvements which support public transportation, vans, and buses; and (3) under specified conditions, certain city streets, county roads, or highways that intersect with highways of statewide significance; however, not more than 10 percent of district funds nor more than \$1 billion may be expended on local projects and one-third local matching funds for the projects are required. The use of funds for operations, preservation, and maintenance of the RTID projects is prohibited.

The county legislative authorities within the district may certify the plan to the ballot, as a single ballot measure to approve or disapprove the regional transportation investment plan. County legislative authorities are not required to adopt or not adopt, by ordinance, the plan prior to submitting a measure to the voters.

The RTID was initially granted various tax options including, up to: 0.5 percent sales tax; \$100 annual vehicle license fee; 0.3 percent Motor Vehicle Exise Tax (MVET); employer tax; parking fee; and limited tolling authority. In 2003, the RTID was authorized to sell bonds and the RTID, or counties for RTID purposes, were authorized a local option fuel tax at 10 percent of the state fuel tax rate. A RTID and counties, for city and county road purposes, may not impose the tax at the same time. The RTID is authorized to collect tolls on facilities where lanes are added or the lanes are reconstructed by the RTID. Such tolls need not be approved by the state Transportation Commission. The Department of Transportation (DOT) may construct toll facilities that are sponsored by a RTID. A RTID is not authorized to impose a network value pricing charge based on vehicle miles traveled for users in the district.

The RTID executive committee began developing a plan for improvements and adopted a revenue plan in March 2004. This plan identified a \$13.2 billion revenue package, which included a joint ballot proposition with Sound Transit. A draft investment plan was adopted by the executive board in April 2004. After the business community advised the RTID executive committee that it would not support a fall 2004 ballot measure, and Sound Transit did not vote to join the ballot issue, the 2004 plan did not go to the ballot. As of January 2006, the executive board is developing a new plan. No date has been set to go to the ballot.

Regional Transit Authority Governance

Two or more contiguous counties each having a population of 400,000 persons or more may establish a RTA to develop and operate a high capacity transportation system. A high capacity transportation system is an urban public transportation system that operates principally on exclusive rights-of-way and provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating mainly on general purpose roadways. Sound Transit is the RTA established by King, Pierce, and Snohomish counties.

In the 1990s, Sound Transit developed and adopted a system and financing plan which, among other things, identified revenues expected to be generated by corridor and county, phasing of construction and operation of high capacity system facilities, and the degree to which revenues generated within each county would benefit the residents of that county including when such benefits would accrue. Sound Transit is currently preparing the second phase of its development and finance plan.

Local Transit Agency Governance

Local transit agencies such as King County Metro, Community Transit, Everett Transit, and Pierce County Transit, are established by and subject to separate statutory provisions. They are not subject to any centralized governance.

City Transportation Authority

In 2002, the Legislature enacted laws allowing the City of Seattle to create a city transportation authority for the development, planning, construction and operation of a public

monorail transportation facility. By citizen petition submitted to city voters in 2002, the citizens of Seattle created the Seattle Popular Monorail Authority as the city transportation authority and established a nine-member board to be the governing and policy-making body over the authority.

The Seattle Popular Monorail Authority currently has the power to levy excess levies within constitutional limits, for operating funds, capital outlay funds, and cumulative reserve funds, issue bonds; issue general obligation bonds equal to 1.5 percent of value of taxable property within the authority area, and up to 2.5 percent with approval by three-fifths of voters in the area; issue revenue bonds payable from other revenue sources; levy and collect special excise tax up to 2.5 percent; fix and impose motor vehicle fee of \$100; and impose annual property tax levies equal to \$1.50 or less per \$1,000 of assessed value of property within the authority area.

Coordination of Regional Transportation Governance and Planning

The number of agencies involved in transportation planning and delivery of services has significantly added to the complexity of transportation programs. Public polling and focus group results indicate public confusion regarding transportation decision making, planning, and funding, and public concern over ensuring efficiency, accountability, and coordinated action among transportation planning entities.

Currently, agencies involved in transportation planning, funding, and operation are separately governed and not required to coordinate their development of regional transportation investment plans or submission of ballot measures to the people.

Summary of Engrossed Substitute Bill:

The Regional Transportation Commission (Commission) is created with several powers and duties related to developing a regional transportation governance proposal and a finance plan. The Commission is comprised of nine members, six of whom are appointed by the Governor and three comprising the elected executives of King, Pierce, and Snohomish counties.

The Commission must:

- develop a proposal for formation of a permanent regional transportation governing entity, to be majority directly elected, as well as the governing entity's authorized revenue sources and planning authority. The Commission must submit this governance proposal to the 2007 Legislature for approval;
- develop a comprehensive, integrated regional transportation finance plan to be submitted to voters; and
- evaluate other transportation governance issues, including transit agency boundary adjustments and consolidation options.

Subject to the approval of voters within the city and regionwide, the City of Seattle will assume the Monorail's taxing authority, to fund non-monorail transit within Seattle city limits.

The RTID statutes are modified in several respects.

- The RTID is allowed to change its boundaries to be contiguous with regional transit authority boundaries.
- The ballot measure may be combined into a single measure with a Sound Transit plan, and is permitted to have a title exceeding 75 words.
- The local match contribution required of local jurisdictions toward certain RTID projects is reduced from .33 to 15 percent.
- The authorized sales and use tax that the RTID may impose is capped at 0.1 percent.
- The RTID's authority to impose a motor vehicle excise tax is increased to 0.6 percent, and the RTID may spend MVET revenue on any project contained in its plan.
- The RTID's tolling authority is broadened and specifically includes either or both Lake Washington bridges.
- The RTID may keep interest on its state treasury accounts.
- The list of eligible projects which the RTID may fund is expanded to include any project contained in a state or regional transportation plan that is of statewide or regional significance. The RTID may also fund operations, preservation, and maintenance of any of these projects, including transit.

Neither the RTID nor Sound Transit may submit a new ballot measure to the voters prior to the 2007 general election. For a county to participate in a RTID plan, the county legislative authorities must adopt an ordinance indicating that county's participation in the plan.

The Department of Transportation (DOT) must reach agreements with local communities to address mitigation issues prior to commencing the 520 bridge project. The DOT must also designate the preferred alternative and complete other environmental planning and project finance requirements on both the SR 520 and Alaskan Way Viaduct project prior to any public vote on a regional transportation ballot measure.

EFFECT OF SENATE AMENDMENT(S):

The Commission's duties and composition are modified. The Commission is to develop a regional transportation governance proposal, but not an integrated regional transportation finance plan. The Commission comprises seven voting members appointed by the governor, all of whom must be private citizens not currently holding public office. The Secretary of the DOT is added as a nonvoting member.

Project eligibility for the RTID is narrowed to the scope provided by current law, with the following additions: (1) operations, preservation, and maintenance of toll facilities, (2) transit operations for construction mitigation, and (3) passenger-only ferry service funded specifically by the sales tax. The peninsula portion of Pierce County is prohibited from inclusion in the RTID.

Any finance plans submitted by Sound Transit and the RTID prior to December 2007 must be submitted together to the voters; however, the approval of one measure is not dependent upon

the approval of the other. A ballot measure by Sound Transit and the RTID is permitted beginning in 2006. If a multiple-county RTID is not approved by voters by December 1, 2007, an individual county may form an RTID under the same statute. County legislative authorities are not required to approve an RTID plan by adoption of an ordinance. Accordingly, county executives do not have the right to approve or reject an RTID plan prior to its submission to the voters.

The RTID's revenue authority is modified. The maximum sales and use tax which the RTID may impose is increased from 0.1% to 0.5%, the same as current law. The RTID's authority to impose a motor vehicle excise tax is increased from 0.6% to 0.8%. The RTID must obtain approval by the Washington Transportation Commission prior to implementing system-wide pricing as a revenue source.

Provisions conditionally transferring the Monorail's taxing authority to the City of Seattle, for funding nonmonorail transit in Seattle, are eliminated.

The requirement that the DOT reach certain agreements with affected cities and towns, prior to commencing construction on the SR 520 bridge project, is clarified. Instead of assuring citizens that "no further degradation will occur" to the use and enjoyment of their properties, the agreements are to assure citizens that any degradation in their use and enjoyment "will be addressed" through one or both of the stated measures.

The requirement that the DOT complete environmental and financial plans on the Alaskan Way viaduct and SR 520 bridge projects prior to a regional transportation public vote does not apply to utility relocation on the Alaskan Way viaduct project and pontoon construction for the SR 520 project.

Boundaries of a transportation benefit district, which may be created by a county or city to fund local transportation improvements, need not include all territory within the boundaries of the jurisdiction where the district was formed.

In addition to its current authority to annex a new area by submitting an annexation measure to the voters, Sound Transit may submit an annexation measure as part of a region-wide vote on a proposal for an additional financing phase. The annexation, and the finance plan, would be approved by a simple majority of the combined electorate within the region and in the proposed area to be annexed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 27 which reinstates prior law related to earnings of investments on the State Treasurer's Income Account after a scheduled expiration and takes effect July 1, 2006.

Testimony For: (In support of original bill) The public has made clear that it wants multi-modal transportation planning, both roads and transit, by a centralized governing entity with full accountability to the voters. This bill meets that public directive in several ways. By

establishing a regional governing entity comprising directly elected officials, with the flexibility to adjust its boundaries, the new governing entity will achieve transparency in regional transportation decision making. The new entity will be authorized to fund a broadly-defined scope of transportation projects of both statewide and regional significance, drawing upon a variety of revenue sources - minimal sales and use taxes, expanded excise tax authority, broad tolling authority, and value pricing.

(With Concerns on original bill) Folding local public transportation agencies into Sound Transit goes one step too far in this first major effort to define regional governance, because a regional entity would lack responsiveness to local transportation needs. Eliminating the RTID is premature in light of tentative agreements reached between the RTID and local jurisdictions such as Seattle and King County. The Legislature should not get in the way of a 2006 ballot measure by Sound Transit, or the RTID, if either decides that a ballot measure is ready.

Testimony Against: None.

Persons Testifying: (In support of original bill) Representative Murray, prime sponsor; and David Hopkins, King County Executive's Office;

(With Concerns on original bill) Charlie Howard, Puget Sound Regional Council.

Persons Signed In To Testify But Not Testifying: None.