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**Transportation Committee**

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**SSB 5177**

**Brief Description:** Modifying transportation benefit district provisions.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Swecker, Jacobsen, Haugen and Oke).

**Brief Summary of Substitute Bill**

- Modifies the authority of Transportation Benefit Districts (TBDs) to make improvements to state highways and local roads and restricts their creation to areas outside central Puget Sound.
- Focuses improvements to capital investments related to highways of statewide significance.
- Grants additional revenue authority to TBDs including sales tax, local option fuel tax, vehicle registration fees, and tolling authority.

**Hearing Date:** 3/28/05

**Staff:** Gene Baxstrom (786-7303).

**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 to address congestion caused by economic development. When establishing the TBD area, the jurisdiction proposing to create the TBD may only include cities and other counties 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; (3) transportation impact fees; and (4) border area motor vehicle fuel taxes. 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 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) a local option sales and use tax up to 0.5 %; (2) a local option annual vehicle license fee of up to \$100 on vehicle license renewals; (3) a local option fuel tax of up to 10% of the state rate; (4) an employer excise tax of up to \$2/ month; and (5) vehicle tolls on those sections of a transportation improvement made by the district. On state highways, the DOT must collect the tolls, as set by the Transportation Commission. The fuel tax may only be imposed if the district is county-wide and if the county is not already imposing the tax. A TBD may only implement revenue measures approved by the district 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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on August 1, 2005.