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**Finance Committee**

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**ESB 5288**

**Brief Description:** Authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

**Sponsors:** Senators Hunt, Liias and Kuderer.

**Brief Summary of Engrossed Bill**

- Increases the rate of sales and use tax that may be imposed by certain public transportation benefit areas.

**Hearing Date:** 2/19/18

**Staff:** Rachelle Harris (786-7137).

**Background:**

Public transit systems are special districts that are authorized to provide public transportation service within specific boundaries. Transit systems are formed under a variety of governance structures, including Public Transportation Benefit Areas (PTBAs), Metropolitan Municipal Corporations (Metros), Transportation Benefit Districts (TBDs), county transportation authorities, city-owned transit systems, and regional transit authorities.

"Public transportation service" refers to the provision of transportation for packages, passengers, and their incidental baggage (by means other than by chartered bus or by sight-seeing bus), along with the necessary passenger terminals and parking facilities, or other properties necessary for passenger and vehicular access to and from such systems. In the case of some PTBAs, service can also include passenger-only ferry service.

In addition to setting and raising fares, a public transit system or legislative body may seek voter approval to impose a local sales and use tax of up to 0.9 percent to fund transit services. Most transit systems are also permitted to seek approval for a business and occupation tax and a household tax in lieu of a sales and use tax. Certain municipal transit authorities serving

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counties with large populations are permitted to levy an additional sales and use tax of up to 0.3 percent.

**Summary of Bill:**

The legislative body of a PTBA located in a county with a population of more than 250,000 and less than 400,000 that also contains two or more cities with a population of 40,000 or more is granted authority, subject to voter approval, to impose a sales and use tax of up to 0.3 percent that is in addition to any previously authorized public transportation-related sales and use taxes imposed.

Based on the 2016 Office of Financial Management population estimates, the bill would only apply to Thurston County's PTBA, Intercity Transit, which currently levies a sales and use tax of 0.8 percent. The bill would permit Intercity Transit to seek voter approval to impose a rate of up to 1.2 percent.

**Appropriation:** None.

**Fiscal Note:** Requested on February 15, 2018

**Effective Date:** The bill takes effect on August 1, 2018.