

SENATE BILL REPORT

SB 5905

As Reported by Senate Committee On:
Transportation, March 29, 2017

Title: An act relating to taxpayer relief for persons subject to a motor vehicle excise tax imposed by a regional transit authority.

Brief Description: Concerning taxpayer relief for persons subject to a motor vehicle excise tax imposed by a regional transit authority.

Sponsors: Senators Hobbs, Wellman, Conway, Darneille, Mullet and Keiser.

Brief History:

Committee Activity: Transportation: 3/27/17, 3/29/17 [DPS, DNP, w/oRec].

Brief Summary of Substitute Bill

- Requires a Regional Transit Authority (RTA) to defease Motor Vehicle Exercise Tax (MVET) backed bonds if, upon annual review, defeasing these bonds would not negatively impact an RTA's high capacity transportation system plan.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5905 be substituted therefor, and the substitute bill do pass.

Signed by Senators King, Chair; Hobbs, Ranking Minority Member; Liias, Assistant Ranking Minority Member; Cleveland, Ericksen, Fortunato, Hawkins, Saldaña, Takko, Van De Wege and Walsh.

Minority Report: Do not pass.

Signed by Senator O'Ban.

Minority Report: That it be referred without recommendation.

Signed by Senator Wilson.

Staff: Hayley Gamble (786-7452)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: Regional Transit Authorities. An RTA is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus service and light rail. There is currently one RTA—Sound Transit—which operates light rail, commuter rail, and express bus service in Puget Sound. Sound Transit currently imposes the following voter-approved taxes:

- 1.4 percent sales and use tax;
- 1.1 percent MVET;
- an annual \$0.25 per \$1,000 of assessed value property tax; and
- a rental car sales tax of 0.8 percent.

Major decisions of an RTA require a favorable vote of two-thirds of the voting members. Major decisions include system plan adoption and amendment, system phasing decisions, and annual budget adoption.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): Upon annual review, if an RTA finds that revenues allow for defeasance of any or all bonds backed in part or whole by MVET without negatively impacting an RTAs high capacity transportation system plan, an RTA must act as soon as practicable to defease such bonds.

Bond defeasance is added to the list of items considered to be a "major decision" of an authority.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on First Substitute: PRO: The 2015 revenue package included authorization for ST3. The Legislature was briefed on the impacts of the ST3 package. It is important to keep ST3 projects moving. This is another idea to fix concerns. This bill may allow ST to defease bonds sooner than 2028. People who have expensive cars should be able to afford the MVET. Voters approved ST and we need these projects on time and on budget.

CON: This bill is an option to continue the conversation, however this bill would not allow current bonds to continue until they are supposed to be paid off.

Persons Testifying: PRO: Senator Steve Hobbs, Prime Sponsor.

CON: Tim Gould, Sierra Club.

Persons Signed In To Testify But Not Testifying: No one.