

SENATE BILL REPORT

SB 6652

As of February 11, 2020

Title: An act relating to local transportation revenue options.

Brief Description: Addressing local transportation revenue options.

Sponsors: Senators Nguyen, Saldaña, Lovelett and Das.

Brief History:

Committee Activity: Transportation: 2/10/20.

Brief Summary of Bill

- Provides cities and counties with various councilmanic taxing authority to be used for transportation purposes.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Kelly Simpson (786-7403)

Background: Under current law, cities and counties have authority to impose various taxes for the purpose of raising local transportation revenue. Some of the local taxing options are subject to voter approval and some are not. This is referred to as councilmanic authority.

Some of the local taxing options include:

- city utility tax on electricity, gas, steam, and telephone—up to 6 percent without voter approval, and may exceed 6 percent with voter approval;
- transportation benefit district sales and use tax which requires voter approval and may not exceed 0.2 percent or be imposed for a period exceeding ten years, unless the tax is bonded against or receives an affirmative extension vote; and
- county motor vehicle fuel tax, which requires voter approval—10 percent of the statewide fuel tax rate and must be used for highway purposes.

Summary of Bill: Various city and county transportation taxing options are modified as follows:

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- cities or towns may councilmanically impose a utility tax up to 2 percent, in addition to amounts approved by voters above 6 percent, to be used exclusively for transportation improvements on a state, regional, or local transportation plan;
- transportation benefit districts, that include all the territory within the boundaries of the establishing jurisdictions, may councilmanically impose a sales and use tax not to exceed 0.4 percent and may not be imposed for a period exceeding 20 years, unless the tax is bonded against, or receives an affirmative extension vote or a majority vote of the governing board; and
- cities, in addition to counties, may impose a local motor vehicle fuel tax—with voter approval the rate may be no more than 10 percent of the statewide fuel tax rate, and without voter approval the rate may be no more than 5 percent of the statewide fuel tax rate.

Appropriation: None.

Fiscal Note: Not requested.

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

Effective Date: The bill takes effect on July 1, 2020.

Staff Summary of Public Testimony: PRO: This bill is in response to I-976 passing and is intended to provide various local funding options for consideration. Various local jurisdictions have significant highway and bridge preservation and maintenance needs, and this bill would provide another local tool to help as currently the needs outweigh the available resources. The Transportation Improvement Board is a great local partner but local governments still need to obtain a local match. A recent Joint Transportation Committee study highlighted some of the options listed in the bill and indicated good case studies for using the options. Decisions to impose local revenue options should be made directly by local elected officials. The significant local transportation needs existed before I-976 passed. There is a nexus between a utility tax supporting the highway infrastructure under which many utility lines are placed. The bill is a top priority of the Association of Washington Cities. State transportation packages tend to heavily favor statewide needs rather than local needs. Declining revenue at the local level suggests this bill is warranted.

CON: Expanding local gas tax authority is not a reliable way to raise transportation funds. Statewide gas tax increases are the best way to ensure a stable collection of transportation revenues. Section 5 requiring the treasurer to make distributions of the revenue is vague. Retail gas stations, which are typically small businesses, will be negatively impacted by the bill as customers travel to find the cheapest gas prices. The utility tax is regressive and has no nexus to transportation.

Persons Testifying: PRO: Senator Joe Nguyen, Prime Sponsor; Tony Troutner, City of Kent Council President; Anita Gallagher, Assistant to the City Manager for Policy Development and Government Relations, City of Tacoma; Jane Wall, Washington State Association of Counties; Gregg Zimmerman, City of Renton; Logan Bahr, Association of Washington Cities; Michael Shaw, King County; Brian Enslow, City of Vancouver.

CON: Greg Hanon, Western States Petroleum Association; David Ducharme, Washington Oil Marketers Association; Steve Taylor, Cowlitz PUD; Brandon Houskeeper, Puget Sound Energy.

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