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**SUBSTITUTE SENATE BILL 5585**

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**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** Senate Committee on Highways & Transportation (originally sponsored by Senators Swecker, Jacobsen, Oke, Spanel, Prentice, Haugen, Rasmussen, Parlette, Mulliken, Zarelli, Hale, Finkbeiner, Deccio and Horn)

READ FIRST TIME 01/23/04.

1 AN ACT Relating to transportation benefit districts; amending RCW  
2 36.73.020, 36.73.040, 36.73.050, 36.73.060, 36.73.070, 36.73.080,  
3 36.73.100, 36.73.110, 36.73.120, 36.73.130, 36.73.140, 36.73.150,  
4 82.14.050, 82.14.060, 35.21.225, and 47.56.075; adding new sections to  
5 chapter 36.73 RCW; adding a new section to chapter 82.14 RCW; adding  
6 new sections to chapter 82.80 RCW; and adding a new section to chapter  
7 47.56 RCW.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.73 RCW  
10 to read as follows:

11 The definitions in this section apply throughout this chapter  
12 unless the context clearly requires otherwise.

13 (1) "District" means a transportation benefit district created  
14 under this chapter.

15 (2) "City" means a city or town.

16 (3) "Transportation improvements" means:

17 (a) Capital improvements relating to, or in support of, all or a  
18 portion of highways that have been designated, in whole or in part, as  
19 highways of statewide significance; or

1 (b) Capital improvements to a city street, county road, existing  
2 highway, or the creation of a new highway that intersects with a  
3 highway of statewide significance, but only if the cumulative  
4 transportation benefit district contribution to all projects  
5 constructed under this subsection (3)(b) does not exceed twenty percent  
6 of the revenues generated by the district, or forty percent of the  
7 revenues generated by the district for projects in rural counties. For  
8 purposes of this subsection (3)(b), "rural counties" means counties  
9 smaller than two hundred twenty-five square miles or as defined in RCW  
10 43.168.020.

11 However, operations, preservation, and maintenance are excluded  
12 from the definition of transportation improvements under this  
13 subsection (3), except for operation, preservation, and maintenance  
14 costs of tolled facilities, including the costs of collecting the  
15 tolls, if toll revenues have been pledged for the payment of contracts.

16 **Sec. 2.** RCW 36.73.020 and 1989 c 53 s 1 are each amended to read  
17 as follows:

18 (1) Subject to subsection (6) of this section, the legislative  
19 authority of a county or city may establish ((one or more)) a  
20 transportation benefit district((s)) within the ((county)) area  
21 specified in subsection (2) of this section, for the purpose of  
22 acquiring, constructing, improving, providing, and funding ((any city  
23 street, county road, or state highway)) transportation improvements  
24 within the district that ((is (1))) are: (a) Consistent with any  
25 existing state, regional, and local transportation plans((, (2))); (b)  
26 necessitated by existing or reasonably foreseeable congestion levels  
27 attributable to economic growth((, and (3))); and (c) partially funded  
28 by local government or private developer contributions, or a  
29 combination of ((such)) these contributions. ((Such)) The  
30 transportation improvements shall be owned by the county of  
31 jurisdiction if located in an unincorporated area, by the city of  
32 jurisdiction if located in an incorporated area, or by the state in  
33 cases where the transportation improvement is or becomes a state  
34 highway((; and all such)). Transportation improvements shall be  
35 administered and maintained as other public streets, roads, ((and))  
36 highways, and capital improvements. ((The district may not include any  
37 area within the corporate limits of a city unless the city legislative

1 ~~authority has agreed to the inclusion pursuant to chapter 39.34 RCW.~~  
2 ~~The agreement shall specify the area and such powers as may be granted~~  
3 ~~to the benefit district.))~~

4 (2) Subject to subsection (6) of this section, the district may  
5 include area within more than one county, city, port district, county  
6 transportation authority, or public transportation benefit area, if the  
7 legislative authority of each participating jurisdiction has agreed to  
8 the inclusion as provided in an interlocal agreement adopted pursuant  
9 to chapter 39.34 RCW. However, the boundaries of the district shall  
10 include all territory within the boundaries of the participating  
11 jurisdictions comprising the district.

12 (3) The members of the ((county)) legislative authority proposing  
13 to establish the district, acting ex officio and independently, shall  
14 ((compose)) constitute the governing body of the district: PROVIDED,  
15 That where a ((transportation benefit)) district includes ((any portion  
16 of an incorporated city, town, or another county, the district may be  
17 governed as provided in an interlocal agreement adopted pursuant to  
18 chapter 39.34 RCW)) more than one jurisdiction under subsection (2) of  
19 this section, the district shall be governed under an interlocal  
20 agreement adopted pursuant to chapter 39.34 RCW. However, the  
21 governing board shall be composed of at least five members including at  
22 least one elected official from the legislative authority of each  
23 participating jurisdiction.

24 (4) The ((county)) treasurer of the jurisdiction proposing to  
25 establish the district shall act as the ex officio treasurer of the  
26 district, unless an interlocal agreement states otherwise.

27 (5) The electors of the district shall all be registered voters  
28 residing within the district. ((For purposes of this section, the term  
29 "city" means both cities and towns.))

30 (6) The authority under this section, regarding the establishment  
31 of or the participation in a district, shall not apply to:

32 (a) Counties with a population greater than one million five  
33 hundred thousand persons and any adjoining counties with a population  
34 greater than five hundred thousand persons;

35 (b) Cities with any area within the counties under (a) of this  
36 subsection; and

37 (c) Other jurisdictions with any area within the counties under (a)  
38 of this subsection.

1       **Sec. 3.** RCW 36.73.040 and 1989 c 53 s 3 are each amended to read  
2 as follows:

3       (1) A transportation benefit district is a quasi-municipal  
4 corporation, an independent taxing "authority" within the meaning of  
5 Article VII, section 1 of the state Constitution, and a "taxing  
6 district" within the meaning of Article VII, section 2 of the state  
7 Constitution.

8       (2) A transportation benefit district constitutes a body corporate  
9 and possesses all the usual powers of a corporation for public purposes  
10 as well as all other powers that may now or hereafter be specifically  
11 conferred by statute, including, but not limited to, the authority to  
12 hire employees, staff, and services, to enter into contracts, to  
13 acquire, hold, and dispose of real and personal property, and to sue  
14 and be sued. Public works contract limits applicable to the  
15 jurisdiction that established the district (~~shall~~) apply to the  
16 district.

17       (3) Subject to the provisions of section 19 of this act, a district  
18 is authorized to impose the following taxes, fees, and tolls:

19       (a) A sales and use tax in accordance with section 14 of this act;

20       (b) A local option fuel tax in accordance with section 15 of this  
21 act;

22       (c) A vehicle fee in accordance with section 16 of this act;

23       (d) An employer excise tax in accordance with section 17 of this  
24 act;

25       (e) A parking tax in accordance with section 18 of this act;

26       (f) A fee or charge in accordance with RCW 36.73.120. However, a  
27 district may not levy a fee or charge under RCW 36.73.120 if a county  
28 or city within the district area is levying a fee or charge under  
29 chapter 39.92 RCW. Developments consisting of less than twenty  
30 residences are exempt from the fee or charge under RCW 36.73.120; and

31       (g) Vehicle tolls on state routes or federal highways, city  
32 streets, or county roads, within the boundaries of the district, unless  
33 otherwise prohibited by law. The department of transportation shall  
34 administer the collection of vehicle tolls on state routes or federal  
35 highways, unless otherwise specified in law or by contract, and the  
36 state transportation commission, or its successor, shall set and impose  
37 the tolls in amounts sufficient to implement the district's  
38 transportation improvement finance plan. The district shall administer

1 the collection of vehicle tolls on city streets or county roads, and  
2 shall set and impose the tolls in amounts sufficient to implement the  
3 district's transportation improvement plan.

4 **Sec. 4.** RCW 36.73.050 and 1987 c 327 s 5 are each amended to read  
5 as follows:

6 (1) ~~((A city or county))~~ The legislative ~~((authority))~~ authorities  
7 proposing to establish a ~~((transportation benefit))~~ district, or to  
8 modify the boundaries of an existing district, or to dissolve an  
9 existing district~~((\_))~~ shall conduct a hearing at the time and place  
10 specified in a notice published at least once, not less than ten days  
11 before the hearing, in a newspaper of general circulation within the  
12 proposed district. The legislative ~~((authority))~~ authorities shall  
13 make provision for a district to be automatically dissolved when all  
14 indebtedness of the district has been retired and anticipated  
15 responsibilities have been satisfied. This notice shall be in addition  
16 to any other notice required by law to be published. The notice shall,  
17 where applicable, specify the functions or activities proposed to be  
18 provided or funded, or the additional functions or activities proposed  
19 to be provided or funded, by the district. Additional notice of the  
20 hearing may be given by mail, by posting within the proposed district,  
21 or in any manner the ~~((city or county))~~ legislative ~~((authority deems))~~  
22 authorities deem necessary to notify affected persons. All hearings  
23 shall be public and the ~~((city or county))~~ legislative ~~((authority))~~  
24 authorities shall hear objections from any person affected by the  
25 formation, modification of the boundaries, or dissolution of the  
26 district.

27 (2) Following the hearing held pursuant to subsection (1) of this  
28 section, the ~~((city or county))~~ legislative ~~((authority))~~ authorities  
29 may establish a ~~((transportation benefit))~~ district, modify the  
30 boundaries or functions of an existing district, or dissolve an  
31 existing district, if the ~~((city or county))~~ legislative ~~((authority~~  
32 ~~finds))~~ authorities find the action to be in the public interest and  
33 ~~((adopts))~~ adopt an ordinance providing for the action. The ordinance  
34 establishing a district shall specify the functions or activities to be  
35 exercised or funded and establish the boundaries of the district. ~~((A~~  
36 ~~district shall include only those areas which can reasonably be~~  
37 ~~expected to benefit from improvements to be funded by the district.))~~

1 Functions or activities proposed to be provided or funded by the  
2 district may not be expanded beyond those specified in the notice of  
3 hearing, unless additional notices are made, further hearings on the  
4 expansion are held, and further determinations are made that it is in  
5 the public interest to so expand the functions or activities proposed  
6 to be provided or funded.

7 ~~((3) At any time before the city or county legislative authority  
8 establishes a transportation benefit district pursuant to this section,  
9 all further proceedings shall be terminated upon the filing of a  
10 verified declaration of termination signed by the owners of real  
11 property consisting of at least sixty percent of the assessed valuation  
12 in the proposed district.))~~

13 **Sec. 5.** RCW 36.73.060 and 1987 c 327 s 6 are each amended to read  
14 as follows:

15 (1) A ~~((transportation benefit))~~ district may levy an ad valorem  
16 property tax in excess of the one percent limitation upon the property  
17 within the district for a one-year period whenever authorized by the  
18 voters of the district pursuant to RCW 84.52.052 and Article VII,  
19 section 2(a) of the state Constitution.

20 (2) A district may provide for the retirement of voter-approved  
21 general obligation bonds, issued for capital purposes only, by levying  
22 bond retirement ad valorem property tax levies in excess of the one  
23 percent limitation whenever authorized by the voters of the district  
24 pursuant to Article VII, section 2(b) of the state Constitution and RCW  
25 84.52.056.

26 **Sec. 6.** RCW 36.73.070 and 1987 c 327 s 7 are each amended to read  
27 as follows:

28 (1) To carry out the purpose of this chapter, a ~~((transportation  
29 benefit))~~ district may issue general obligation bonds, not to exceed an  
30 amount, together with any other outstanding nonvoter-approved general  
31 obligation indebtedness, equal to three-eighths of one percent of the  
32 value of taxable property within the district, as the term "value of  
33 taxable property" is defined in RCW 39.36.015. A district may  
34 additionally issue general obligation bonds for capital purposes only,  
35 together with any outstanding general obligation indebtedness, not to  
36 exceed an amount equal to one and one-fourth percent of the value of

1 the taxable property within the district, as the term "value of taxable  
2 property" is defined in RCW 39.36.015, when authorized by the voters of  
3 the district pursuant to Article VIII, section 6 of the state  
4 Constitution, and to provide for the retirement thereof by excess  
5 property tax levies as provided in RCW 36.73.060(2). The district may  
6 submit a single proposition to the voters that, if approved, authorizes  
7 both the issuance of the bonds and the bond retirement property tax  
8 levies.

9 (2) General obligation bonds with a maturity in excess of forty  
10 years shall not be issued. The governing body of the (~~transportation~~  
11 ~~benefit~~) district shall by resolution determine for each general  
12 obligation bond issue the amount, date, terms, conditions,  
13 denominations, maximum fixed or variable interest rate or rates,  
14 maturity or maturities, redemption rights, registration privileges,  
15 manner of execution, manner of sale, callable provisions, if any,  
16 covenants, and form, including registration as to principal and  
17 interest, registration as to principal only, or bearer. Registration  
18 may include, but not be limited to: (a) A book entry system of  
19 recording the ownership of a bond whether or not physical bonds are  
20 issued; or (b) recording the ownership of a bond together with the  
21 requirement that the transfer of ownership may only be effected by the  
22 surrender of the old bond and either the reissuance of the old bond or  
23 the issuance of a new bond to the new owner. Facsimile signatures may  
24 be used on the bonds and any coupons. Refunding general obligation  
25 bonds may be issued in the same manner as general obligation bonds are  
26 issued.

27 (3) Whenever general obligation bonds are issued to fund specific  
28 projects or enterprises that generate revenues, charges, user fees, or  
29 special assessments, the (~~transportation benefit~~) district (~~which~~  
30 ~~issues the bonds~~) may specifically pledge all or a portion of the  
31 revenues, charges, user fees, or special assessments to refund the  
32 general obligation bonds. The district may also pledge any other  
33 revenues that may be available to the district.

34 (4) The issuance of bonds under this section is subject to the  
35 provisions in section 19 of this act.

36 **Sec. 7.** RCW 36.73.080 and 1987 c 327 s 8 are each amended to read  
37 as follows:

1 (1) A (~~transportation benefit~~) district may form a local  
2 improvement district to provide any transportation improvement it has  
3 the authority to provide, impose special assessments on all property  
4 specially benefited by the transportation improvements, and issue  
5 special assessment bonds or revenue bonds to fund the costs of the  
6 transportation improvement. Local improvement districts shall be  
7 created and assessments shall be made and collected pursuant to  
8 chapters 35.43, 35.44, 35.49, 35.50, 35.51, 35.53, and 35.54 RCW.

9 (2) The governing body of a (~~transportation benefit~~) district  
10 shall by resolution establish for each special assessment bond issue  
11 the amount, date, terms, conditions, denominations, maximum fixed or  
12 variable interest rate or rates, maturity or maturities, redemption  
13 rights, registration privileges, if any, covenants, and form, including  
14 registration as to principal and interest, registration as to principal  
15 only, or bearer. Registration may include, but not be limited to: (a)  
16 A book entry system of recording the ownership of a bond whether or not  
17 physical bonds are issued; or (b) recording the ownership of a bond  
18 together with the requirement that the transfer of ownership may only  
19 be effected by the surrender of the old bond and either the reissuance  
20 of the old bond or the issuance of a new bond to the new owner.  
21 Facsimile signatures may be used on the bonds and any coupons. The  
22 maximum term of any special assessment bonds shall not exceed thirty  
23 years beyond the date of issue. Special assessment bonds issued  
24 pursuant to this section shall not be an indebtedness of the  
25 (~~transportation benefit~~) district issuing the bonds, and the interest  
26 and principal on the bonds shall only be payable from special  
27 assessments made for the improvement for which the bonds were issued  
28 and any local improvement guaranty fund that the (~~transportation~~  
29 ~~benefit~~) district has created. The owner or bearer of a special  
30 assessment bond or any interest coupon issued pursuant to this section  
31 shall not have any claim against the (~~transportation benefit~~)  
32 district arising from the bond or coupon except for the payment from  
33 special assessments made for the improvement for which the bonds were  
34 issued and any local improvement guaranty fund the (~~transportation~~  
35 ~~benefit~~) district has created. The district issuing the special  
36 assessment bonds is not liable to the owner or bearer of any special  
37 assessment bond or any interest coupon issued pursuant to this section  
38 for any loss occurring in the lawful operation of its local improvement



1 guaranty fund. The substance of the limitations included in this  
2 subsection (2) shall be plainly printed, written, or engraved on each  
3 special assessment bond issued pursuant to this section.

4 (3) Assessments shall reflect any credits given by a  
5 (~~transportation benefit~~) district for real property or property right  
6 donations made pursuant to RCW 47.14.030.

7 (4) The governing body may establish and pay (~~moneys~~) money into  
8 a local improvement guaranty fund to guarantee special assessment bonds  
9 issued by the (~~transportation benefit~~) district.

10 **Sec. 8.** RCW 36.73.100 and 1987 c 327 s 10 are each amended to read  
11 as follows:

12 (1) The proceeds of any bond issued pursuant to RCW 36.73.070 or  
13 36.73.080 may be used to pay costs incurred on (~~such~~) a bond issue  
14 related to the sale and issuance of the bonds. (~~Such~~) These costs  
15 include payments for fiscal and legal expenses, obtaining bond ratings,  
16 printing, engraving, advertising, and other similar activities.

17 (2) In addition, proceeds of bonds used to fund capital projects  
18 may be used to pay the necessary and related engineering,  
19 architectural, planning, and inspection costs.

20 **Sec. 9.** RCW 36.73.110 and 1987 c 327 s 11 are each amended to read  
21 as follows:

22 A (~~transportation benefit~~) district may accept and expend or use  
23 gifts, grants, and donations.

24 **Sec. 10.** RCW 36.73.120 and 1988 c 179 s 7 are each amended to read  
25 as follows:

26 (1) (~~A transportation benefit~~) Subject to the provisions in  
27 section 19 of this act, a district may impose a fee or charge on the  
28 construction or reconstruction of residential buildings, commercial  
29 buildings, industrial buildings, or on any other building or building  
30 space or appurtenance (~~thereto~~), or on the development, subdivision,  
31 classification, or reclassification of land only if done in accordance  
32 with chapter 39.92 RCW.

33 (2) Any fee or charge imposed under this section shall be used  
34 exclusively for transportation improvements constructed by a  
35 (~~transportation benefit~~) district. The fees or charges (~~so~~)

1 imposed must be reasonably necessary as a result of the impact of  
2 development, construction, or classification or reclassification of  
3 land on identified transportation needs.

4 ~~(3) ((When fees or charges are imposed by a district within which  
5 there is more than one city or both incorporated and unincorporated  
6 areas, the legislative authority for each city in the district and the  
7 county legislative authority for the unincorporated area must approve  
8 the imposition of such fees or charges before they take effect.))~~ A  
9 district may not levy a fee or charge under this section if a county or  
10 city within the district area is levying a fee or charge under chapter  
11 39.92 RCW.

12 (4) Developments consisting of less than twenty residences are  
13 exempt from the fee or charge under this section.

14 **Sec. 11.** RCW 36.73.130 and 1987 c 327 s 13 are each amended to  
15 read as follows:

16 A ~~((transportation benefit))~~ district may exercise the power of  
17 eminent domain to obtain property for its authorized purposes in the  
18 same manner as authorized for the city or county legislative authority  
19 that established the district.

20 **Sec. 12.** RCW 36.73.140 and 1987 c 327 s 14 are each amended to  
21 read as follows:

22 A ~~((transportation benefit))~~ district has the same powers as a  
23 county or city to contract for street, road, or state highway  
24 improvement projects and to enter into reimbursement contracts provided  
25 for in chapter 35.72 RCW.

26 **Sec. 13.** RCW 36.73.150 and 1987 c 327 s 15 are each amended to  
27 read as follows:

28 The department of transportation, counties, ~~((and))~~ cities, and  
29 other jurisdictions may give funds to ~~((transportation benefit))~~  
30 districts for the purposes of financing ~~((street, road, or highway))~~  
31 transportation improvements ((projects)) under this chapter.

32 NEW SECTION. **Sec. 14.** A new section is added to chapter 82.14 RCW  
33 to read as follows:

34 (1) Subject to the provisions in section 19 of this act, a

1 transportation benefit district under chapter 36.73 RCW may fix and  
2 impose a sales and use tax in accordance with the terms of this  
3 chapter. The tax authorized in this section is in addition to any  
4 other taxes authorized by law and shall be collected from those persons  
5 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
6 the occurrence of any taxable event within the boundaries of the  
7 district. The rate of tax shall not exceed five-tenths of one percent  
8 of the selling price in the case of a sales tax, or value of the  
9 article used, in the case of a use tax.

10 (2) Money received from the tax imposed under this section must be  
11 spent in accordance with the requirements of chapter 36.73 RCW.

12 NEW SECTION. **Sec. 15.** A new section is added to chapter 82.80 RCW  
13 to read as follows:

14 (1) For purposes of this section:

15 (a) "Distributor" means every person who imports, refines,  
16 manufactures, produces, or compounds motor vehicle fuel and special  
17 fuel as defined in RCW 82.36.010 and 82.38.020, respectively, and sells  
18 or distributes the fuel into a county;

19 (b) "Person" has the same meaning as in RCW 82.04.030; and

20 (c) "District" means a transportation benefit district under  
21 chapter 36.73 RCW.

22 (2) A transportation benefit district under chapter 36.73 RCW,  
23 subject to the conditions of this section, may levy additional excise  
24 taxes equal to ten percent of the statewide motor vehicle fuel tax rate  
25 under RCW 82.36.025 on each gallon of motor vehicle fuel as defined in  
26 RCW 82.36.010 and on each gallon of special fuel as defined in RCW  
27 82.38.020 sold within the boundaries of the district. Vehicles paying  
28 an annual license fee under RCW 82.38.075 are exempt from the  
29 district's fuel excise tax. The additional excise taxes are subject to  
30 the same exceptions and rights of refund as applicable to other motor  
31 vehicle fuel and special fuel excise taxes levied under chapters 82.36  
32 and 82.38 RCW. The proposed tax may not be levied less than one month  
33 from the date the election results are certified. The commencement  
34 date for the levy of any tax under this section will be the first day  
35 of January, April, July, or October.

36 (3) The local option motor vehicle fuel tax under this section on

1 each gallon of motor vehicle fuel and on each gallon of special fuel is  
2 imposed upon the distributor of the fuel.

3 (4) A taxable event for the purposes of this section occurs upon  
4 the first distribution of the fuel within the boundaries of the  
5 district to a retail outlet, bulk fuel user, or ultimate user of the  
6 fuel.

7 (5) All administrative provisions in chapters 82.01, 82.03, and  
8 82.32 RCW, insofar as they are applicable, apply to local option fuel  
9 taxes imposed under this section.

10 (6) Before the effective date of the imposition of the fuel taxes  
11 under this section, a district shall contract with the department of  
12 revenue for the administration and collection of the taxes. The  
13 contract must provide that a percentage amount, not to exceed one  
14 percent of the taxes imposed under this section, will be deposited into  
15 the local tax administration account created in the custody of the  
16 state treasurer. The department of revenue may spend money from this  
17 account, upon appropriation, for the administration of the local taxes  
18 imposed under this section.

19 (7) The state treasurer shall distribute the proceeds of the  
20 additional taxes under this section on a monthly basis to the district  
21 levying the tax, after the deductions for payments and expenditures as  
22 provided in RCW 46.68.090(1) (a) and (b).

23 (8) The proceeds of the additional taxes levied by a district under  
24 this section must be used in accordance with chapter 36.73 RCW, but  
25 only for those areas that are considered "highway purposes" as that  
26 term is construed in Article II, section 40 of the state Constitution.

27 (9) A district may only levy the tax under this section if the  
28 district was established by a county under RCW 36.73.020. A district  
29 may not levy the tax under this section if a member county is levying  
30 the tax under RCW 82.80.010.

31 NEW SECTION. **Sec. 16.** A new section is added to chapter 82.80 RCW  
32 to read as follows:

33 (1) Subject to the provisions of section 19 of this act, a  
34 transportation benefit district under chapter 36.73 RCW may fix and  
35 impose an annual fee, not to exceed one hundred dollars per vehicle,  
36 for each vehicle subject to license tab fees under RCW 46.16.0621 and  
37 for each vehicle subject to gross weight fees under RCW 46.16.070 with

1 an unladen weight of six thousand pounds or less, from registered  
2 owners whose primary place of domicile is within the boundaries of the  
3 district.

4 (2) The department of licensing shall administer and collect the  
5 fee. The department shall deduct a percentage amount, as provided by  
6 contract, not to exceed one percent of the fees collected, for  
7 administration and collection expenses incurred by it. The department  
8 shall remit remaining proceeds to the custody of the state treasurer.  
9 The state treasurer shall distribute the proceeds to the district on a  
10 monthly basis.

11 (3) No fee under this section may be collected until six months  
12 after approval by the district.

13 (4) "Registered owner" has the same meaning as provided in chapter  
14 46.04 RCW.

15 (5) The vehicle fee under this section applies only when renewing  
16 a vehicle registration, and is effective upon the registration renewal  
17 date as provided by the department of licensing.

18 (6) The following vehicles are exempt from the fee under this  
19 section:

20 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and  
21 46.04.181;

22 (b) Off-road and nonhighway vehicles as defined in RCW 46.09.020;

23 (c) Vehicles registered under chapter 46.87 RCW and the  
24 international registration plan; and

25 (d) Snowmobiles as defined in RCW 46.10.010.

26 NEW SECTION. **Sec. 17.** A new section is added to chapter 82.80 RCW  
27 to read as follows:

28 (1)(a) Subject to the provisions of section 19 of this act, a  
29 transportation benefit district under chapter 36.73 RCW may impose an  
30 excise tax, for the privilege of engaging in business, of up to two  
31 dollars per employee per month on all employers or any class or classes  
32 of employers, public and private, including the state located in the  
33 agency's jurisdiction, measured by the number of full-time equivalent  
34 employees. In no event may the total taxes imposed under this section  
35 exceed two dollars per employee per month for any single employer. The  
36 district imposing the tax authorized in this section may provide for

1 exemptions from the tax for such educational, cultural, health,  
2 charitable, or religious organizations as it deems appropriate.

3 (b) Transportation benefit districts may contract with the state  
4 department of revenue or other appropriate entities for administration  
5 and collection of the tax. Such contract shall provide for deduction  
6 of an amount for administration and collection expenses, not to exceed  
7 one percent of the fees collected.

8 (2) The tax shall not apply to employment of a person when the  
9 employer has paid for at least half of the cost of a transit pass  
10 issued by a transit agency for that employee, valid for the period for  
11 which the tax would otherwise be owed.

12 (3)(a) A transportation benefit district shall adopt rules that  
13 exempt an employer, who enters into an agreement under (b) of this  
14 subsection, from all or a portion of the tax under subsection (1)(a) of  
15 this section.

16 (b) A transportation benefit district may enter into an agreement,  
17 designed to reduce the number of employees who drive in single-occupant  
18 vehicles during peak commuting periods, with employers subject to the  
19 tax under subsection (1)(a) of this section. The agreement shall  
20 include a list of specific actions that the employer will undertake to  
21 be entitled to the exemption. Employers having an exemption from all  
22 or part of the tax through this subsection shall annually certify to  
23 the district that the employer is fulfilling the terms of the  
24 agreement. The exemption continues as long as the employer is in  
25 compliance with the agreement.

26 (4) The tax under this section may be imposed only to the extent  
27 the tax has not been imposed by a county within the district area.

28 NEW SECTION. **Sec. 18.** A new section is added to chapter 82.80 RCW  
29 to read as follows:

30 (1) Subject to section 19 of this act, a transportation benefit  
31 district under chapter 36.73 RCW may fix and impose a parking tax on  
32 all persons engaged in a commercial parking business within its  
33 respective jurisdiction. The rate of the tax under this subsection  
34 may be based either upon gross proceeds or the number of vehicle stalls  
35 available for commercial parking use. The rates charged must be  
36 uniform for the same class or type of commercial parking business.

1 (2) In lieu of the tax in subsection (1) of this section, a  
2 transportation benefit district may fix and impose, subject to the  
3 provisions of section 19 of this act, a tax for the act or privilege of  
4 parking a motor vehicle in a facility operated by a commercial parking  
5 business.

6 (a) The district may provide that:

7 (i) The tax is paid by the operator or owner of the motor vehicle;

8 (ii) The tax is a fee per vehicle or is measured by the parking  
9 charge;

10 (iii) The tax rate varies with zoning or location of the facility,  
11 the duration of the parking, the time of entry or exit, the type or use  
12 of the vehicle, or other reasonable factors; and

13 (iv) Tax exempt carpools, vehicles with handicapped decals, or  
14 government vehicles are exempt from the tax.

15 (b) The district must provide that:

16 (i) The tax applies to all parking for which a fee is paid, whether  
17 paid or leased, including parking supplied with a lease of  
18 nonresidential space; and

19 (ii) The tax is collected by the operator of the facility and  
20 remitted to the district.

21 (3) "Commercial parking business," as used in this section, means  
22 the ownership, lease, operation, or management by a private or public  
23 entity of a commercial parking lot in which fees are charged.  
24 "Commercial parking lot" means a covered or uncovered area with stalls  
25 for the purpose of parking motor vehicles.

26 (4) The transportation benefit district levying the tax provided  
27 for in subsection (1) or (2) of this section may provide for its  
28 payment on a monthly, quarterly, or annual basis. The district may  
29 develop by ordinance or resolution rules for administering the tax,  
30 including provisions for reporting by commercial parking businesses,  
31 collection, and enforcement.

32 (5) The proceeds of the parking tax imposed by a district must be  
33 used as provided in chapter 36.73 RCW.

34 (6) The rate imposed under this section must be uniform for both  
35 private and public commercial parking businesses.

36 NEW SECTION. **Sec. 19.** A new section is added to chapter 36.73 RCW  
37 to read as follows:

1 (1) Taxes, fees, and tolls may not be imposed, nor may any debt be  
2 incurred, by a district without either:

3 (a) Approval of two-thirds of the members of the legislative  
4 authority of (i) each jurisdiction comprising the district, (ii) each  
5 city within the district area, and (iii) if applicable, each nonmember  
6 county having territory within the district area; or

7 (b) Approval of a majority of the voters in the district voting on  
8 a proposition at a general or special election.

9 (2) A district may not increase any taxes, fees, or tolls imposed  
10 under this chapter once the taxes, fees, or tolls take effect.

11 (3)(a) A resident of the district area may file a referendum  
12 petition to repeal a district ordinance imposing any taxes, fees, or  
13 tolls imposed under subsection (1)(a) of this section. The petition  
14 shall be filed with a filing officer, as identified in the ordinance,  
15 within seven days of passage of the ordinance. Within ten days, the  
16 filing officer shall confer with the petitioner concerning form and  
17 style of the petition, issue an identification number for the petition,  
18 and write a ballot title for the measure. The ballot title shall be  
19 posed as a question so that an affirmative answer to the question and  
20 an affirmative vote on the measure results in the tax, fee, or toll  
21 being imposed and a negative answer to the question and a negative vote  
22 on the measure results in the tax, fee, or toll not being imposed. The  
23 petitioner shall be notified of the identification number and ballot  
24 title within this ten-day period.

25 (b) After this notification, the petitioner shall have thirty days  
26 in which to secure on petition forms the signatures of not less than  
27 fifteen percent of the registered voters within the district area and  
28 to file the signed petitions with the filing officer. Each petition  
29 form shall contain the ballot title and the full text of the measure to  
30 be referred. The filing officer shall verify the sufficiency of the  
31 signatures on the petitions. If sufficient valid signatures are  
32 properly submitted, the filing officer shall submit the referendum  
33 measure to the district voters at a general or special election held on  
34 one of the dates provided in RCW 29.13.010 as determined by the  
35 district governing board, which election shall not take place later  
36 than one hundred twenty days after the signed petition has been filed  
37 with the filing officer.



1        NEW SECTION.    **Sec. 20.**    A new section is added to chapter 36.73 RCW  
2 to read as follows:

3        (1) If a transportation improvement cost exceeds its original cost  
4 by more than twenty percent as identified in a district's original  
5 finance plan, the district governing board shall submit to the voters  
6 in the district a ballot measure that redefines the scope of the  
7 transportation improvement, its schedule, or its costs. If the voters  
8 fail to approve the redefined transportation improvement, the district  
9 shall terminate work on the transportation improvement, except that the  
10 district may take reasonable steps to use, preserve, or connect any  
11 improvement already constructed. The remainder of any funds that would  
12 otherwise have been expended on the terminated transportation  
13 improvement must first be used to retire any outstanding debt  
14 attributable to the improvement.

15        (2) A district shall issue an annual report, indicating the status  
16 of transportation improvement costs, transportation improvement  
17 expenditures, revenues, and construction schedules, to the public and  
18 to newspapers of record in the district.

19        NEW SECTION.    **Sec. 21.**    A new section is added to chapter 36.73 RCW  
20 to read as follows:

21        Within thirty days of the completion of the construction of the  
22 transportation improvement or series of improvements authorized by a  
23 district, the district shall terminate day-to-day operations and exist  
24 solely as a limited entity that oversees the collection of revenue and  
25 the payment of debt service or financing still in effect, if any. The  
26 district shall accordingly adjust downward its employees,  
27 administration, and overhead expenses. Any taxes, fees, or tolls  
28 imposed by the district terminate when the financing or debt service on  
29 the transportation improvement or series of improvements constructed is  
30 completed and paid, thirty days from which point the district shall  
31 dissolve itself and cease to exist. If there is no debt outstanding,  
32 then the district shall dissolve within thirty days from completion of  
33 construction of the transportation improvement or series of  
34 improvements authorized by the district. Notice of dissolution must be  
35 published in newspapers of general circulation within the district at  
36 least three times in a period of thirty days. Creditors must file

1 claims for payment of claims due within thirty days of the last  
2 published notice or the claim is extinguished.

3 **Sec. 22.** RCW 82.14.050 and 2002 c 56 s 406 are each amended to  
4 read as follows:

5 The counties, cities, and transportation authorities under RCW  
6 82.14.045, public facilities districts under chapters 36.100 and 35.57  
7 RCW, ~~((and))~~ regional transportation investment districts, and  
8 transportation benefit districts under chapter 36.73 RCW shall  
9 contract, prior to the effective date of a resolution or ordinance  
10 imposing a sales and use tax, the administration and collection to the  
11 state department of revenue, which shall deduct a percentage amount, as  
12 provided by contract, not to exceed two percent of the taxes collected  
13 for administration and collection expenses incurred by the department.  
14 The remainder of any portion of any tax authorized by this chapter that  
15 is collected by the department of revenue shall be deposited by the  
16 state department of revenue in the local sales and use tax account  
17 hereby created in the state treasury. Moneys in the local sales and  
18 use tax account may be spent only for distribution to counties, cities,  
19 transportation authorities, public facilities districts, ~~((and))~~  
20 regional transportation investment districts, and transportation  
21 benefit districts imposing a sales and use tax. All administrative  
22 provisions in chapters 82.03, 82.08, 82.12, and 82.32 RCW, as they now  
23 exist or may hereafter be amended, shall, insofar as they are  
24 applicable to state sales and use taxes, be applicable to taxes imposed  
25 pursuant to this chapter. Except as provided in RCW 43.08.190, all  
26 earnings of investments of balances in the local sales and use tax  
27 account shall be credited to the local sales and use tax account and  
28 distributed to the counties, cities, transportation authorities, public  
29 facilities districts, ~~((and))~~ regional transportation investment  
30 districts, and transportation benefit districts monthly.

31 **Sec. 23.** RCW 82.14.060 and 1991 c 207 s 3 are each amended to read  
32 as follows:

33 Monthly the state treasurer shall make distribution from the local  
34 sales and use tax account to the counties, cities, transportation  
35 authorities, ~~((and))~~ public facilities districts, and transportation  
36 benefit districts the amount of tax collected on behalf of each taxing

1 authority, less the deduction provided for in RCW 82.14.050. The state  
2 treasurer shall make the distribution under this section without  
3 appropriation.

4 In the event that any ordinance or resolution imposes a sales and  
5 use tax at a rate in excess of the applicable limits contained herein,  
6 such ordinance or resolution shall not be considered void in toto, but  
7 only with respect to that portion of the rate which is in excess of the  
8 applicable limits contained herein.

9 **Sec. 24.** RCW 35.21.225 and 1989 c 53 s 2 are each amended to read  
10 as follows:

11 ~~The legislative authority of a city may establish ((one or more~~  
12 ~~transportation benefit districts within a city for the purpose of~~  
13 ~~acquiring, constructing, improving, providing, and funding any city~~  
14 ~~street, county road, or state highway improvement that is (1)~~  
15 ~~consistent with state, regional, and local transportation plans, (2)~~  
16 ~~necessitated by existing or reasonably foreseeable congestion levels~~  
17 ~~attributable to economic growth, and (3) partially funded by local~~  
18 ~~government or private developer contributions, or a combination of such~~  
19 ~~contributions. Such transportation improvements shall be owned by the~~  
20 ~~city of jurisdiction if located in an incorporated area, by the county~~  
21 ~~of jurisdiction if located in an unincorporated area, or by the state~~  
22 ~~in cases where the transportation improvement is or becomes a state~~  
23 ~~highway; and all such transportation improvements shall be administered~~  
24 ~~as other public streets, roads, and highways. The district may include~~  
25 ~~any area within the corporate limits of another city if that city has~~  
26 ~~agreed to the inclusion pursuant to chapter 39.34 RCW. The district~~  
27 ~~may include any unincorporated area if the county legislative authority~~  
28 ~~has agreed to the inclusion pursuant to chapter 39.34 RCW. The~~  
29 ~~agreement shall specify the area and such other powers as may be~~  
30 ~~granted to the benefit district.~~

31 ~~The members of the city legislative authority, acting ex officio~~  
32 ~~and independently, shall compose the governing body of the district.~~  
33 ~~The city treasurer shall act as the ex officio treasurer of the~~  
34 ~~district: PROVIDED, That where a transportation benefit district~~  
35 ~~includes any unincorporated area or portion of another city, the~~  
36 ~~district may be governed as provided in an interlocal agreement adopted~~  
37 ~~pursuant to chapter 39.34 RCW. The electors of the district shall all~~

1 ~~be registered voters residing within the district. For the purposes of~~  
2 ~~this section, the term "city" means both cities and towns)) a~~  
3 transportation benefit district subject to the provisions of chapter  
4 36.73 RCW.

5 **Sec. 25.** RCW 47.56.075 and 2002 c 56 s 404 are each amended to  
6 read as follows:

7 The department shall approve for construction only such toll roads  
8 as the legislature specifically authorizes or such toll facilities as  
9 are specifically sponsored by a regional transportation investment  
10 district, transportation benefit district, city, town, or county.

11 NEW SECTION. **Sec. 26.** A new section is added to chapter 47.56 RCW  
12 to read as follows:

13 Subject to the provisions under chapter 36.73 RCW, a transportation  
14 benefit district may impose vehicle tolls on state routes or federal  
15 highways, city streets, or county roads, within the boundaries of the  
16 district, unless otherwise prohibited by law. The department of  
17 transportation shall administer the collection of vehicle tolls on  
18 state routes or federal highways, unless otherwise specified in law or  
19 by contract, and the state transportation commission, or its successor,  
20 shall set and impose the tolls in amounts sufficient to implement the  
21 district's transportation improvement finance plan. The district shall  
22 administer the collection of vehicle tolls on city streets or county  
23 roads, and shall set and impose the tolls in amounts sufficient to  
24 implement the district's transportation improvement plan.

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