

# HOUSE BILL REPORT

## HB 2035

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**As Reported by House Committee On:**  
Transportation

**Title:** An act relating to city and town use of state fuel tax distributions.

**Brief Description:** Modifying city and town use of state fuel tax distributions.

**Sponsors:** Representatives Wallace, Jarrett, Simpson, Shabro, Wood, Skinner, Upthegrove and Haler.

**Brief History:**

**Committee Activity:**

Transportation: 3/2/05, 3/5/05 [DP].

**Brief Summary of Bill**

- Requires the Department of Transportation to consult with the Association of Washington Cities on studies.
- Removes the restrictions on the uses of funds for cities and towns regardless of size as measured by population.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 25 members: Representatives Murray, Chair; Wallace, Vice Chair; Woods, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Appleton, Buck, Campbell, Curtis, Dickerson, Ericksen, Hankins, Hudgins, Jarrett, Kilmer, Lovick, Morris, Nixon, Rodne, Sells, Shabro, Simpson, B. Sullivan, Takko, Upthegrove and Wood.

**Staff:** Jerry Long (786-7306).

**Background:**

The Revised Code of Washington (RCW) 46.68.110 governs the allocation of the 10.6961 percent (2.46 cents) of statewide fuel tax revenues distributed to cities and towns.

Prior to distributions to cities and towns ratably on the population last determined by the Office of Financial Management, there are three deductions from the statewide revenues distributed to cities and towns:

- 1.5 percent for the supervision of work and expenditures of incorporated cities and towns on city and town streets including federal aid programs for which the Department of Transportation (DOT) has responsibility for;
- 33/100 of 1 percent for the DOT for highway jurisdictional studies and other studies; and,
- 1 percent for the City Hardship Assistance Program.

The statute mandates that 31.86 percent of the funds distributed to cities and towns be used for certain purposes depending on the size of the city or town. If a city is 15,000 or over in population: 31.86 percent of the gas tax can only be used for the construction, improvement, chip sealing, seal coating, and repair of arterial highways and city streets. The balance can be used for maintenance or construction. If a city is less than 15,000 in population, the funds can only be used for the maintenance of the arterial highways and city streets.

The funds may be used for the payment of any municipal indebtedness, which may be incurred in the construction, improvement, chip sealing, seal coating, and repair of arterial highways and city streets.

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**Summary of Bill:**

Requires the DOT to consult with the Association of Washington Cities when determining how the 33/100 of cities' fuel tax distributions dedicated to studies will be spent.

Removes the restrictions on the uses of funds for cities and towns regardless of size as measured by population. However, as fuel tax revenue, the funds remain restricted to highway purposes as set forth in the 18th Amendment to the Washington State Constitution.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Provides flexibility for cities and towns. This enables the cities and towns to spend the funding where the need is. The funds still remain restricted to highway purposes as set forth in the 18th Amendment.

**Testimony Against:** None.

**Persons Testifying:** Representative Wallace, prime sponsor; and Ashley Probart, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.