H-2096.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SUBSTITUTE HOUSE BILL 1221**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 64th Legislature 2015 Regular Session**

**By** House Finance (originally sponsored by Representatives Hansen, Young, Appleton, Caldier, Griffey, and MacEwen)

AN ACT Relating to creating passenger-only ferry service districts; adding new sections to chapter 36.57A RCW; adding a new section to chapter 82.14 RCW; adding a new section to chapter 82.80 RCW; creating a new section; and providing an effective date.

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

NEW SECTION. **Sec.**  (1) The legislature finds that in 1999, the voters approved Initiative Measure No. 695, which repealed the state motor vehicle excise tax. The legislature further finds that at the time of its repeal, the tax generated about seven hundred fifty million dollars per year with approximately fifty-four percent of the tax revenue dedicated to local governments. The legislature further finds that the local government portion included over two hundred million dollars per year for local transit. The legislature further finds that Washington has one of the fastest growing economies in the country with the state's transportation infrastructure severely lagging, which will ultimately curtail future growth. The legislature further finds that the Washington legislature over the decades has made a policy choice to largely address its transportation needs through a byzantine patchwork of transportation-related special purpose districts.

(2) In recognition of the lingering effects of Initiative Measure No. 695 on local transportation funding, Washington's exceedingly deficient transportation infrastructure, and Washington's decision to substantially address transportation-related services at the local level, it is the legislature's intent to provide transportation-related special purpose districts with the necessary local funding tools to meet their needs.

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) A governing body of a public transportation benefit area, located in a county that only borders the western side of Puget Sound with a population of more than two hundred thousand and contains one or more Washington state ferries terminals, may establish one or more passenger-only ferry service districts within all or a portion of the boundaries of the public transportation benefit area establishing the passenger-only ferry service district. A passenger-only ferry service district may include all or a portion of a city or town as long as all or a portion of the city or town boundaries are within the boundaries of the establishing public transportation benefit area. The members of the public transportation benefit area governing body proposing to establish the passenger-only ferry service district, acting ex officio and independently, constitutes the governing body of the passenger-only ferry service district.

(2) A passenger-only ferry service district may establish, finance, and provide passenger-only ferry service, and associated services to support and augment passenger-only ferry service operation, within its boundaries in the same manner as authorized for public transportation benefit areas under this chapter.

(3) A passenger-only ferry service district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may be conferred by statute including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the public transportation benefit area that established the passenger-only ferry service district apply to the district. For purposes of this section, "passenger-only ferry service district" means a quasi-municipal corporation and independent taxing authority within the meaning of Article VII, section 1 of the state Constitution, and a taxing district within the meaning of Article VII, section 2 of the state Constitution, created by the legislative body of a public transportation benefit area.

(4) Before a passenger-only ferry service district may provide passenger-only ferry service, it must develop a passenger-only ferry investment plan, including elements: To operate or contract for the operation of passenger-only ferry services; to purchase, lease, or rent ferry vessels and dock facilities for the provision of transit service; and to identify other activities necessary to implement the plan. The plan must set forth terminal locations to be served, projected costs of providing services, and revenues to be generated from tolls, locally collected tax revenues, and other revenue sources. The plan must ensure that services provided under the plan are for the benefit of the residents of the passenger-only ferry service district. The passenger-only ferry service district may use any of its powers to carry out this purpose, unless otherwise prohibited by law. In addition, the passenger-only ferry service district may enter into: Contracts and agreements to operate passenger-only ferry service; public-private partnerships; and design-build, general contractor/construction management, or other alternative procurement processes substantially consistent with chapter 39.10 RCW.

(5) A passenger-only ferry service district may be dissolved by a majority vote of the governing body when all obligations under any general obligation bonds issued by the passenger-only ferry service district have been discharged and any other contractual obligations of the passenger-only ferry service district have either been discharged or assumed by another governmental entity.

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) A passenger-only ferry service district may, as part of a passenger-only ferry investment plan, recommend some or all of the following revenue sources as provided in this chapter:

(a) A sales and use tax, as authorized in section 4 of this act;

(b) A parking tax, as authorized in section 5 of this act;

(c) Tolls for passengers, packages, and, where applicable, parking; and

(d) Charges or licensing fees for advertising, leasing space for services to ferry passengers, and other revenue generating activities.

(2) Taxes may not be imposed without an affirmative vote of the majority of the voters within the boundaries of the passenger-only ferry service district voting on a single ballot proposition to both approve a passenger-only ferry investment plan and to approve taxes to implement the plan. Revenues from these taxes and fees may be used only to implement the plan and must be used for the benefit of the residents of the passenger-only ferry service district. A district must contract with the department of revenue for the administration and collection of a sales and use tax as authorized in section 4 of this act. A district may contract with other appropriate entities for the administration and collection of any of the other taxes or charges authorized in this section.

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

Passenger-only ferry service districts providing passenger-only ferry service as provided in section 2 of this act may submit an authorizing proposition to the voters and, if approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter, solely for the purpose of providing passenger-only ferry service and associated services to support and augment passenger-only ferry service operation.

The tax authorized under this section is in addition to other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of a taxable event within the taxing district. The maximum rate of the tax must be approved by the voters and may not exceed three-tenths of one percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax.

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

(1) Subject to the conditions of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a parking tax on all persons engaged in a commercial parking business within its respective jurisdiction.

(2) In lieu of the tax in subsection (1) of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business. The passenger-only ferry service district may provide that:

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

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

(c) The tax is collected by the operator of the facility and remitted to the city, county, or passenger-only ferry service district;

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

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

(f) Tax exempt carpools, vehicles with special license plates and parking placards for persons with disabilities, or government vehicles are exempt from the tax.

(3) The rate of the tax under subsection (1) of this section may be based either upon gross proceeds or the number of vehicle stalls available for commercial parking use. The rates charged must be uniform for the same class or type of commercial parking business.

(4) The passenger-only ferry service district levying the tax provided for in subsection (1) or (2) of this section may provide for its payment on a monthly, quarterly, or annual basis.

(5) The proceeds of the parking tax imposed by a passenger-only ferry service district under subsection (1) or (2) of this section must be used as provided in section 3 of this act.

(6) "Commercial parking business" as used in this section, means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

NEW SECTION. **Sec.**  A new section is added to chapter 36.57A RCW to read as follows:

(1) To carry out the purposes of this chapter, a passenger-only ferry service district may issue general obligation bonds, not to exceed an amount, together with any other outstanding nonvoter-approved general obligation indebtedness, equal to one and one-half percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015. A passenger-only ferry service district may also issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to five percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015, when authorized by the voters of the area pursuant to Article VIII, section 6 of the state Constitution.

(2) General obligation bonds with a maturity in excess of twenty-five years may not be issued. The governing body of the passenger-only ferry service district must by resolution determine for each general obligation bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued, or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. Refunding general obligation bonds may be issued in the same manner as general obligation bonds are issued.

(3) Whenever general obligation bonds are issued to fund specific projects or enterprises that generate revenues, charges, user fees, or special assessments, the passenger-only ferry service district may specifically pledge all or a portion of the revenues, charges, user fees, or special assessments to refund the general obligation bonds. The passenger-only ferry service district may also pledge any other revenues that may be available to the district.

(4) In addition to general obligation bonds, a passenger-only ferry service district may issue revenue bonds to be issued and sold in accordance with chapter 39.46 RCW.

NEW SECTION. **Sec.**  This act takes effect January 1, 2016.

**--- END ---**