

HOUSE BILL REPORT

HB 1757

As Reported by House Committee On:
Transportation

Title: An act relating to local transportation options.

Brief Description: Concerning local transportation options.

Sponsors: Representatives Fey, Muri, Clibborn, Reykdal and Goodman.

Brief History:

Committee Activity:

Transportation: 2/12/15, 2/16/15 [DP].

Brief Summary of Bill

- Allows cities and counties with transportation benefit districts (TBDs) to eliminate the separate entity status of the TBD.
- Allows the TBDs to impose a vehicle fee of up to \$50 with a vote of the governing board.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 13 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Bergquist, Gregerson, McBride, Moeller, Ortiz-Self, Riccelli, Sells, Takko and Tarleton.

Minority Report: Do not pass. Signed by 11 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Hayes, Kochmar, Pike, Rodne, Shea, Wilson, Young and Zeiger.

Staff: David Munnecke (786-7315).

Background:

Transportation Benefit Districts, In General.

A transportation benefit district (TBD or district) is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of

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acquiring, constructing, improving, providing, and funding transportation improvements within the district.

When establishing the TBD's area, the county or city proposing to create the TBD may only include other jurisdictions through interlocal agreements. The TBD may include areas within more than one county, city, port district, county transportation authority, or public transportation benefit area. A TBD may be comprised of less than the entire area within each participating jurisdiction.

A TBD is governed by the legislative authority of the jurisdiction proposing to create it, or by a governance structure prescribed in an interlocal agreement among multiple jurisdictions. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions. Port districts and transit districts may participate in the establishment of a TBD but may not initiate district formation.

Revenue Sources.

A TBD has independent taxing authority to implement the following revenue measures, all of which are subject to voter approval:

- a local sales and use tax of up to 0.2 percent;
- a local annual vehicle fee of up to \$100 on vehicle license renewals, \$20 of which may be imposed without voter approval;
- excess property taxes, for a period of up to one year; and
- tolls, subject to legislative authorization if on state routes and approval by the Washington State Transportation Commission if only affecting state routes.

A TBD may impose the following revenue measures without voter approval through a majority vote of the governing body:

- transportation impact fees on commercial and industrial development; and
- except for passenger-only ferry improvements, up to \$20 in local annual vehicle fees if the TBD includes all the territory within the boundaries of the jurisdiction(s) establishing the TBD. When imposing this fee, if the TBD is countywide the revenues must be distributed to each city within the county by interlocal agreement.

Summary of Bill:

Vesting of Governing Powers to the Transportation Benefit District.

Any city or county may assume the rights, powers, functions, and obligations of a TBD with boundaries coterminous with the boundaries of the city or county. The city or county legislative authority may initiate this assumption of the rights, powers, functions, and obligations of a TBD by adopting an ordinance or resolution indicating its intent to conduct a hearing on the matter.

The city or county legislative authority must consider the assumption of the rights, powers, functions, and obligations of a TBD, as well as hear all protests and objections to it, at a public hearing. If after the public hearing, the city or county legislative authority finds that

the public interest would be satisfied by such an assumption, it may declare and assume the rights, powers, functions, and obligations of a TBD. Subsequently, all rights, powers, functions, and obligations granted to or possessed by the TBD vest to the city or county, and the governing body of the TBD must be abolished.

Transferring of Powers, Duties, and Assets.

All pending business before the board of the transferred TBD must be continued and acted upon by the city or county. All existing contracts and obligations of the transferred TBD remain in full force and effect and must be performed by the city or county.

All documents relating to the administration of the TBD; all furniture, equipment, or vehicles; all funds, credits, or other assets; and any appropriations or federal grants to the TBD must be transferred, credited, or otherwise made available to the city or county.

The city or county must assume and agree to provide for the payment of all of the TBD's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds.

Revenue.

A TBD is allowed to impose a local annual vehicle fee of up to \$50 with a vote of the governing board.

A TBD, when imposing up to \$50 of the vehicle fee without a vote of the people, must include all the territory within the boundaries of the jurisdiction(s) establishing the TBD, but exclude territory in which a vehicle fee is currently being collected. If the TBD is countywide, or less than countywide, the revenues must be distributed to each city within the district by interlocal agreement, which agreement must be effective prior to the imposition of the fee.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2015.

Staff Summary of Public Testimony:

(In support) Government functions best when it's as close as possible to the people that it serves. Local authorities need local funding options to deal with local issues, and there are few things that are more local and closer to the people than the roads.

The City of Tacoma and most other cities in the state have a huge backlog of road maintenance needs. The TBDs require local processes and accountability, and this bill would give them more tools to address local road needs.

The City of Tacoma has already implemented the \$20 vehicle fee, and uses the funds it raises for a variety of transportation projects. However, it needs more money to fix its many failed streets, which add up to a backlog of \$800 million. The City of Tacoma just dedicated \$2 million per year from utility taxes to fix its roads.

The City of Everett has a \$40 million backlog of street maintenance. It needs \$8 million per year to fix its streets but can only find \$3.5 million per year.

This bill also allows for the simplification of a TBD's procedures so that the governments that establish them can operate in a more efficient fashion without having to, for example, adjourn one meeting before starting another. This bill would solve the administrative costs of having separate entities.

Cities do not have dedicated revenues for transportation, even though they are where most of the state's population lives and works. Cities need the dedicated revenues tools made available by this bill.

Even with significant local funds, there is not enough funding for cities' transportation needs, especially after the growth of the maintenance backlog during the recession. The lack of basic infrastructure can effect economic growth.

The state has to provide tools to the cities by statute, and the \$20 fee has been adopted by dozens of cities. There can't be more people, more growth, but less funding.

The voters aren't concerned where the money comes from, but they do want the roads fixed.

(Opposed) None.

Persons Testifying: Representative Fey, prime sponsor; Robert Thoms, City of Tacoma; Alison Hellberg, Association of Washington Cities; and Doug Levy, Cities of Everett, Fife, Issaquah, Kent, Lake Stevens, Puyallup, Redmond, and Renton.

Persons Signed In To Testify But Not Testifying: None.