

HOUSE BILL REPORT

2ESSB 5987

As of Second Reading

Title: An act relating to transportation revenue.

Brief Description: Concerning transportation revenue.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators King, Hobbs, Fain, Liias and Litzow).

Brief History:

Committee Activity:

Transportation: 3/26/15, 4/14/15 [DPA].

Brief Summary of Second Engrossed Substitute Bill

- Increases motor fuel taxes by 7 cents in the first year and 4.9 cents in the second year.
- Increases the current off-road vehicle, snowmobile, and marine motor fuel tax refunds by corresponding amounts.
- Distributes the increased fuel tax revenue and various fees to the new Connecting Washington Account in the Motor Vehicle Fund, with certain other fees transferred to the account if a low carbon fuel standard is adopted.
- Repeals the handling loss deduction from the motor vehicle fuel tax.
- Increases the current gross weight fees and passenger weight fees by varying amounts depending on the weight of the vehicle.
- Creates a freight project fee equal to 15 percent of the current gross weight fee to be used for freight projects.
- Increases or imposes a variety of vehicle and driver related fees.
- Modifies the definition of an electric vehicle and provides for the creation of an electric vehicle infrastructure bank.
- Provides a variety of local revenue options.
- Creates statutory transfers to cities and counties.
- Creates and extends various tax preferences.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: David Munnecke (786-7315).

Background:

18th Amendment.

The 18th Amendment to the Washington Constitution requires that the state's motor vehicle fuel taxes, currently 37.5 cents per gallon; vehicle licensing fees; and all other state revenue intended to be used for highway purposes be deposited into the Motor Vehicle Fund. Monies in that fund may only be spent for highway purposes, which are defined to include expenditures on construction, preservation, maintenance, operation, and administration of highways and ferries.

Handling Loss Deduction.

Licensed fuel suppliers, distributors, and importers are allowed a handling loss deduction on motor vehicle fuel as follows: for a motor vehicle fuel supplier acting as a distributor, 0.25 percent; and for all other licensees, 0.30 percent. Originally this was to account for losses the distributors sustained through evaporation and handling and was reduced in 1951 from 1 percent to the current rate. In 2008 the Joint Legislative Audit and Review Committee (JLARC) reviewed this exemption—JLARC Report 09-4: 2008 Expedited Tax Preference Performance Reviews—and recommended that the Legislature terminate the motor fuel handling loss deduction. Their recommendation was based on current Department of Ecology regulations concerning the methods and equipment used in the distribution of fuel, which significantly limit handling losses.

Transfers to Non-Highway Accounts.

Transfers are made from the Motor Vehicle Fund to the ORV (Off-Road Vehicle) and Non-highway Vehicle Account, the Marine Fuel Tax Refund Account, and the Snowmobile Account for motor vehicle fuel taxes paid by non-highway users. Each of these transfers is made based on a calculation that is based on a rate of fuel tax of 23 cents per gallon.

Weight Fees.

Generally, all motor vehicles used on public highways must be registered with the Department of Licensing (DOL) annually. Most vehicles, such as passenger cars, motorcycles, vans, and cabs, are subject to a \$30 license tab fee; a weight fee of \$10, \$20, or \$30 based on the scale weight of the vehicle; and other fees totaling \$3.75. The proceeds from vehicle weight fees are deposited to the Multimodal Transportation Account. Funds in the Multimodal Transportation Account may be used for transportation purposes, which are broader than highway purposes and can include public transportation and rail.

License Fee by Weight.

In lieu of the vehicle license fee and weight fees, trucks, buses, and for-hire vehicles are subject to a license fee based on gross vehicle weight (GVW). The license fee by weight ranges from \$38 for a 4,000-pound vehicle to \$3,400 for a 105,500-pound vehicle, in addition to a \$3 filing fee. Proceeds from the license fee by weight are deposited into various accounts within the Motor Vehicle Fund.

Electric Vehicle Fee.

In addition to any other fees due at annual vehicle registration, vehicles that are powered by electricity are subject to a licensing fee of \$100 which is deposited into the Motor Vehicle Fund. If in any year proceeds from the electric vehicle fee are more than \$1 million, 15 percent of the total funds must be deposited to the Transportation Improvement Account and 15 percent must be deposited to the Rural Arterial Trust Account.

Commercial Driver's Licenses.

Any driver over 18 years of age with a valid driver's license can apply for a commercial driver instruction permit. To receive a commercial driver instruction permit, the person must pass a knowledge test. There is a \$10 application fee. Prior to being issued a commercial driver's license (CDL), an applicant must have successfully completed a course of instruction in the operation of a commercial motor vehicle or have been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely, and have passed a knowledge and skills test. An applicant must pay a fee of no more than \$10 for each knowledge examination and a fee of no more than \$100 for the skills examination; however, if the applicant's primary use of a CDL is for public benefit not-for-profit corporations that are federally supported head start programs, or public not-for-profit corporations that support early childhood education and assistance programs, then the applicant must pay a fee of no more than \$75 for the skills examination. A person who has been disqualified from operating a commercial motor vehicle may apply for a reinstatement of a CDL with a payment of \$20 after the appropriate disqualification time period has expired.

Enhanced Driver's Licenses and Indentcards.

The enhanced driver license (EDL) or enhanced ID card (EID) may be issued to a Washington resident that is also a United States citizen if they have confirmed their identity and citizenship. A person applying for an EDL must be at least 18 years old and any age for an enhanced ID card, and both the EDL and EID cost \$15 in addition to any other fees due for a driver's license or ID card.

Studded Tires.

Studded tires may only be used from November 1 until March 31 of each year or during other times of the year if the Washington State Department of Transportation (WSDOT) deems it acceptable. The use of studded tires during any other time of the year is a traffic infraction.

Report of Sale/Transitional Ownership.

The owner of a vehicle must notify the DOL, the county, or a subagent when they sell or otherwise dispose of a vehicle. In order for a report of sale to be considered properly filed, it must include the date of the sale; the name and address of the seller and the buyer; the vehicle identification number and license plate number; the required fees, \$3.75 if it is submitted to the county, or \$5 if it is submitted to a subagent; and a date stamp by the DOL showing that it was received on or before the fifth business day after the date of transfer.

Transportation Benefit District .

A transportation benefit district (TBD) is a quasi-municipal corporation and independent taxing authority that may be established by a county or city for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the

TBD. 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. A TBD has independent taxing authority to implement various revenue measures with voter approval. Additionally a TBD may impose a vehicle fee of up to \$20 annually with a majority vote of the governing body if the TBD includes all the territory within the boundaries of the jurisdiction establishing the TBD.

Public Transportation Benefit Area.

A public transportation benefit area (PTBA) is a special-purpose district authorized to provide public transportation service within all or a portion of a county or counties. Cities must be wholly included or excluded. The PTBA is the most common type of district providing public transportation service in the state, with 21 currently in existence. A PTBA located on Puget Sound may also provide passenger-only ferry (POF) service after developing an investment plan. A PTBA may collect fares for service and, with approval of the majority of the voters within the area, impose up to a 0.9 percent sales and use tax within the area.

High Capacity Transportation Systems.

A high capacity transportation (HCT) system is a system of public transportation services within an urbanized region operating principally on exclusive rights-of-way, and the supporting services and facilities necessary to implement the system, including interim express services and high occupancy vehicle lanes, which, taken as a whole, provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways. In the central Puget Sound region, HCT systems may be established and financed by a regional transit authority or a regional transportation investment district. There is currently one regional transit authority that has financed an HCT system, which is Sound Transit. Outside the central Puget Sound region, HCT systems may be established by transit agencies in counties containing an interstate highway that have a population greater than 175,000, which are Benton, Clark, Spokane, Thurston, Whatcom, and Yakima counties. Transit agencies authorized to provide HCT service may seek to finance the system and service with the following voter-approved revenue measures:

- an employer tax of up to \$2 per month per employee;
- a rental car sales and use tax not to exceed 2.172 percent; and
- a sales and use tax not to exceed 0.9 percent.

Regional Transit Authority.

A Regional Transit Authority (RTA) is authorized to use its tax revenues to develop and operate an HCT system. There is currently one RTA, Sound Transit, which operates light rail, commuter rail service, and express bus service in the central Puget Sound. After the approval of the most recent system expansion plan in 2008, Sound Transit imposes a sales and use tax of 0.9 percent, a motor vehicle excise tax of 0.3 percent, and a rental car sales and use tax of 0.8 percent within the boundaries of the Sound Transit district.

Motor Vehicle Excise Tax.

A motor vehicle excise tax (MVET) is a tax paid on the value of a motor vehicle. For the purpose of determining any locally imposed MVET, the value of a vehicle other than a truck or trailer is 85 percent of the manufacturer's base suggested retail price of the vehicle when

first offered for sale as a new vehicle, excluding any optional equipment, applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in the depreciation schedules. For the purpose of determining any locally imposed MVET, the value of a truck or trailer is the latest purchase price of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs, multiplied by the applicable percentage listed in the depreciation schedules based on the year of service of the vehicle since its last sale. The latest purchase year is considered the first year of service.

Property Tax Levy.

The state Constitution limits regular property tax levies to a maximum of 1 percent of the property's value—\$10 per \$1,000 of assessed value. The Legislature established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example, the state levy rate is limited to \$3.60 per \$1,000 of assessed value, county general levies are limited to \$1.80 per \$1,000 of assessed value, county road levies are limited to \$2.25 per \$1,000 of assessed value, and city levies are limited to \$3.375 per \$1,000 of assessed value. These districts are known as senior districts. Junior districts such as fire, library, hospital, and metropolitan park districts each have specific rate limits as well. The tax rates for most of these senior and junior districts must fit within an overall rate limit of \$5.90 per \$1,000 of assessed value. State statutes contain schedules specifying the preferential order in which the various junior taxing district levies will be prorated in the event that the \$5.90 limit is exceeded. Under this prorating system, senior districts are given preference over junior districts.

Property Tax Gap.

A few regular property tax levies are not placed into the \$5.90 aggregate rate limit: emergency medical services, conservation futures, affordable housing, certain metropolitan park districts, county ferry districts, criminal justice, fire districts, and county transit. However, these districts are subject to reduction if the rates for these districts, the state property tax, and the districts subject to the \$5.90 limit together exceed the constitutional limit of \$10 per \$1,000 of assessed value. These districts are in what has been called the gap, the 50 cents remaining after subtracting the \$3.60 state levy and the \$5.90 in local regular levies from the \$10 limit.

Summary of Amended Bill:

Fuel Taxes and Transfers.

The motor vehicle fuel tax is increased by \$0.119 per gallon as follows:

- \$0.07 per gallon effective August 1, 2015; and
- \$0.049 per gallon effective July 1, 2016.

Revenue from the \$0.119 per gallon is distributed into the newly created Connecting Washington Account in the Motor Vehicle Fund.

The rate used to calculate transfers from the Motor Vehicle Fund to the ORV and Non-highway Vehicle Account, the Marine Fuel Tax Refund Account, and the Snowmobile Account for motor vehicle fuel taxes paid by non-highway users is increased with each increase in motor vehicle fuel taxes to a total of \$0.349 per gallon until July 1, 2031 when the rate will be based on the motor vehicle fuel tax rate in effect at that time.

The handling loss deduction from the motor vehicle fuel tax is repealed.

Weight Fees.

Beginning July 1, 2016, weight fees are increased with a scale weigh of up to 14,000 pounds as shown in the table below. Beginning July 1, 2022, an additional \$10 weight fee is added, which is deposited into the Multimodal Transportation Fund unless prior to July 1, 2023, a clean fuel standard policy is initiated or adopted by rule, in which case it is deposited into the Connecting Washington Account.

<i>Scale Weight</i>	<i>Current Fee</i>	<i>FY 2017 Increase</i>	<i>FY 2017–FY 2021 Fee</i>	<i>FY 2022 Increase</i>	<i>FY 2022 Fee</i>
4000	\$10	\$15	\$25	\$10	\$35
6000	\$20	\$25	\$45	\$10	\$55
8000	\$30	\$35	\$65	\$10	\$75
10,000	\$32	\$33	\$65	\$10	\$75
12,000	\$49	\$16	\$65	\$10	\$75
14,000	\$60	\$5	\$65	\$10	\$75
>16,000	\$72+	\$0–	\$72	\$10	\$82

FY = Fiscal Year, July 1 through June 30 of each year.

Under the current law, weight fees increase commensurate with the license fee by weight but under this this act, the vehicles with a scale weight above fee is capped at \$72 until 2022, and then \$82. As a result the weight fee for vehicles 16,000 and above would decrease.

License Fee by Weight.

Beginning July 1, 2016, the license fee by weight that is imposed on vehicles with a GVW of 10,000 and less is increased by \$15 to \$35. Beginning July 1, 2022, an additional \$10 fee is added on vehicles with a GVW of less than or equal to 12,000, which is distributed to various accounts within the Motor Vehicle Fund, consistent with the distributing of other license fees by weight.

<i>GVW</i>	<i>Current Fee</i>	<i>FY 2017 Increase</i>	<i>FY 2017–FY 2021 Fee</i>	<i>FY 2022 Increase</i>	<i>FY 2022 Fee</i>
4000	\$38	\$15	\$53	\$10	\$63
6000	\$48	\$25	\$73	\$10	\$83
8000	\$58	\$35	\$93	\$10	\$103
10,000	\$60	\$33	\$93	\$10	\$103

Beginning July 1, 2016, a freight project fee of 15 percent of the license fee by weight is added on vehicles subject to a gross weight that have a GVW of more than 10,000 pounds. Proceeds from the fee are deposited in the Connecting Washington Account.

Driver-Related Fees.

The following fee increases are effective July 1, 2016:

Document or Service	Current Fee	Proposed Fee
CDL Requalification	\$20	\$35
CDL Instruction Permit	\$10	\$40
CDL Knowledge Exam	\$10	\$35
CDL Classified Skills Exam – reduced	\$75	\$225
CDL Classified Skills Exam	\$100	\$250
Enhanced Driver's Licenses and Identicons	\$15	\$54

The skills exam increases do not impact applicants that intend to drive a school bus. Payment of the CDL knowledge exam fee and the CDL classified skills exam fee entitles the individual to take the test up to two times.

If an enhanced driver's license or identicon is issued for a period other than six years, the fee is \$9 per year.

Driver-related fees are deposited into the Highway Safety Fund unless prior to July 1, 2023, a clean fuel standard policy is initiated or adopted by rule, in which case the additional revenue raised from the driver-related fee increases in this act is deposited into the Connecting Washington Account.

Administrative and Service Fees on Title and Registration Transactions.

Beginning July 1, 2016, the services fees that are due on vehicle related registration and title transactions is expanded to include vessel related transactions. Beginning July 1, 2017, service fees, filing fees, license plate technology fees, and license service fees that are imposed on other titling and registration transactions are also applied to report of sale and transitional ownership transactions for a total cost of \$8.75 as shown in the table below. The bolded numbers represent fees that are not currently imposed by location.

	Subagent	Auditor	DOL
License Plate Technology Fee	\$0.25	\$0.25	\$0.25
License Service Fee	\$0.50	\$0.50	\$0.50
Filing Fee	\$3.00	\$3.00	\$3.00
Subagent Service Fee	\$5.00	\$5.00	\$5.00
Current Total Administrative Fees	\$5.00	\$3.75	\$0.00
New Total Administrative Fees	\$8.75	\$8.75	\$8.75

A report of sale that is received by DOL, the county auditor or other agent, or subagent after 21 days becomes effective on the day it is received by DOL, the county auditor or other agent, or subagent.

Studded Tire Fee.

Beginning July 1, 2016, a fee of \$5 is added to the sale of each new studded tire, of which the seller retains 10 percent and the remainder is deposited to the Motor Vehicle Fund.

Electric Vehicles.

Beginning July 1, 2016, the existing \$100 electric vehicle fee is expanded to include plug-in electric hybrids vehicles and an additional \$50 fee is added. Proceeds from the fees are first used to reimburse the Multimodal Transportation Account \$1 million and the remainder is deposited to the Motor Vehicle Fund. An electric vehicle infrastructure bank is created. The purpose of the bank is to provide financial assistance for the installation of publicly accessible electric vehicle charging stations in Washington.

Transportation Benefit Districts.

A city or county with overlapping boundaries of a TBD may eliminate the separate entity status and assume the rights, powers, functions, and obligations of the TBD. A TBD may impose a vehicle fee of up to \$40 upon a majority vote of the governing body if a \$20 fee has been in effect for at least 24 months and may increase that fee to \$50 upon a majority vote of the governing body if a \$40 fee has been in effect for at least 24 months. Any increase above \$40 is subject to a referendum. The median income threshold that a TBD may provide a rebate of a vehicle fee is increased from 45 percent to 75 percent and a TBD must follow a material change process if they change a TBD rebate.

Additional Sales and Use Tax.

A PTBA in a county with a population of 700,000 or more, that also contains a city with a population of 75,000 or more that operates a municipal transit system, may impose an additional sales and use tax of up to 0.3 percent with approval of the voters within the area. Based on the current population and existing public transportation governing structures, the act would only apply to Community Transit in Snohomish County.

Passenger-Only Ferry (POF) District.

The governing body of a PTBA only bordering western Puget Sound with a population of more than 200,000 – currently only Kitsap Transit, may establish one or more POF districts (Districts) within the boundaries of the PTBA. The boundaries of a District may include all or a portion of a city or town if the portion to be included is within the PTBA's boundaries. A District is considered an independent taxing authority, and is governed by the existing governing body of the PTBA that creates the District. A District is authorized to establish, finance, and provide POF service. The District also has specific authority to enter into contracts for POF service, public-private partnerships, design-build or general contractor/construction management, and other alternative procurement processes. A District may also issue certain general obligation and revenue bonds.

Prior to implementing POF service, a District must develop a POF investment plan that contains specific elements. In order to provide POF service, a majority of the voters in the

District must approve the POF investment plan and the proposed taxes as part of a single vote.

A District may collect the following revenues for the purpose of implementing the POF investment plan:

- up to a 0.3 percent sales and use tax;
- a commercial parking tax for counties with a population of less than 1 million;
- tolls for passengers, packages, and parking; and
- charges or licensing fees for advertising, leasing space for services to POF passengers, and other revenue-generating facilities.

RTAs.

The following taxes may be imposed by and within the boundary of an RTA that includes a county with a population of 1.5 million or more, which is currently only Sound Transit, if approved by a majority of the voters within the boundary of the RTA:

- an MVET of up to 0.8 percent of the value of the vehicle may be imposed, except trucks with a GVW of more than 6000 pounds, farm vehicles, and commercial trailers. The 0.3 percent is in addition to the existing Sound Transit MVET, which expires in 2028 when the bonds have been retired. The depreciation schedule remains the same as the MVET schedule in effect for the existing MVET until the bonds are repaid and then the schedule switches to the schedule that is in effect at the time the MVET is approved by the voters. The rental car sales and use tax that can be imposed is limited to the same ratio as the MVET that is imposed bears to the amount of the MVET that is allowed;
- the maximum sales and use tax rate is increased by 0.5 percent to a maximum rate of 1.4 percent; and
- a property tax levy of up to \$0.25 per \$1,000 of assessed value may be imposed.

If an RTA imposes any of the taxes authorized above they are prohibited from receiving state grant funding except for transit coordination grants.

Distributions to Cities and Counties.

A quarterly transfer of funds from the Multimodal Transportation Account and the Motor Vehicle Fund that is distributed to evenly to cities and counties is established.

Tax Preferences.

Alternative Fuel Commercial Vehicle Tax Credits - A credit is created against business and occupation tax and public utility tax for the portion of the purchase price of an alternative fuel commercial vehicle. Credits are limited to \$6 million annually and may be earned through January 1, 2021. A quarterly transfer is established from the Multimodal Transportation Account to the General Fund in amounts equal to the credits taken. These sections are known as the clean fuel vehicle incentives act.

Alternative Fuel Vehicle Sales and Use Tax Exemptions - The sales and use tax exemption on alternative fuel passenger vehicles are, extended until July 1, 2019; expanded to include plug in hybrid vehicles; and limited to apply only to vehicles with a selling price of \$35,000 or less. A quarterly transfer is established from the Multimodal Transportation Account to the General Fund in amounts equal to the credits taken.

Commuter Trip Reduction Tax Credit Program - The commuter trip reduction tax credits and corresponding quarterly transfers from the Multimodal Transportation Account to the General Fund are extended until June 30, 2024 at \$2,750,000 per year.

Other Provisions.

A quarterly transfer from the General Fund to the Connecting Washington Account over the 12-year period between fiscal year 2020 and fiscal year 2031 that totals \$518 million is established.

A sales and use tax offset fee that a regional transportation authority must pay until a total of \$518 million has been paid is created.

Garbage and refuse companies may consider the cost of any taxes or fees that are imposed or increased as part of this act normal operating expenses and are not required to apply to the Utilities and Transportation Commission for pass-through rates.

The sales tax deferral on the Tacoma Narrows Bridge project is extended from December 31, 2018, to December 31, 2031.

The definition of "low-income" that a transportation benefit district uses to determine eligibility for rebates of taxes, fees, and tolls is changed from at or below 45 percent of the median household income to 75 percent of the median household income. A rebate program may not be changed to reduce the amount of the rebate of the income threshold without voter approval.

Funds in the Connecting Washington Account may not be used for the state route 99 Alaskan Way viaduct replacement project.

The Complete Streets grant program is moved from the Department of Transportation to the Transportation Improvement Board and is expanded to include projects on county roads as well as city streets.

Appropriation: None.

Fiscal Note: Available.

Effective Date Second Engrossed Substitute Bill: The bill contains multiple effective dates. The bill also contains an emergency clause and takes effect immediately, except sections 103, 105, and 109, which take effect on July 1, 2016.

Staff Summary of Public Testimony:

Public testimony on ESSB 5987 in House Transportation Committee on March 26, 2015.

(In support) Great progress has been made, and this bill represents a good compromise. The package is fair and equitable, and it addresses shortfalls in the Washington State Ferries and the Washington State Patrol, maintenance backlogs, and economic development projects.

Including the funding for Sound Transit (ST) 3, this is a \$26 billion package that will create many jobs. It's a great start on the stormwater and culvert issues, although it is missing some projects. This package needs to pass because of the needs across the state.

Compromise is good and, while it can be painful, it is also worthwhile. The LCFS is a problem, but there must be a way to solve it.

The public has spoken about the need for this package, and there are other needs that must be met through the efforts of the House.

The completion of the State Route (SR) 520 project and improvements to Lander Street are both needed to keep the transportation system from seizing up, and ST needs the full \$15 billion as well. Funding these projects and dealing with carbon emissions will help the whole state.

The full amount of ST funding is needed to solve both transit and congestion problems.

This package makes investments in corridors and jobs throughout the state. Rail and truck investments are needed for economic development.

The LCFS restriction is a protection for consumers and not having it would harm industry, including the oil refineries which could move elsewhere. The other reforms will help improve the system.

An efficient and intermodal transportation system is important. Congestion and a lack of investment have effected quality of life and should be improved.

The transportation package improves the system as well as preserves the system. The reforms are important as well.

Business success depends on people getting to work and goods getting to market. The voters need to be able to support ST to do these things.

Raising the gas tax is important to relieve congestion and improve safety and the movement of goods.

The counties support improvements and preservation for county roads, as well as ferry funding, but more is needed for local needs. The Legislature should also provide funding to improve fish passage. The counties support reforms to improve project delivery, but not the sales tax exemption.

The gas tax increases effect the gas stations near the border and the ones near tribal fuel stations. Further increases could effect the balance between stations further.

The construction industry is a significant portion of the economy, and it supports this package. There is no construction backlog, and projects are needed to preserve the industry, its jobs, and the state's competitiveness. It has been a decade since the last investment in transportation, and the package is needed for state routes 520, 167, 509 and Interstate 405 (I-405). The construction workforce is ready to work.

Traffic is getting worse in Bellevue and people there are bearing the brunt. Sound Transit funding will support high-capacity transit on I-405. The package is essential for Bellevue and the state and should be done this year in a bi-partisan fashion. The Eastside is ready for a gas tax increase and the projects that go with it, such as SR 520 and I-405, so that economic development can continue.

The most congested interchange in the state is in Renton. A package needs to be passed to address this congestion.

The transportation package will improve Spokane's infrastructure and economic growth.

Cities are interested in tools and resources to improve the local transportation system, including its maintenance and preservation. Cities are also concerned about the amount of money they're provided and the sales tax taken from them. There needs to be more for the cities directly and for the Transportation Improvement Board.

There needs to be funding available for the SR 167 and SR 509 projects.

Investment is needed in the ports and the economic development that they represent. Improvements at the ports allow more cargo to move.

The fuel tax increase is the most efficient revenue source and raises funds from the people that use the system.

Everett has been waiting for 30 years for ST to come to the city and Payne Field, and it supports full funding for ST3. There needs to be funding for congestion improvement.

The sales tax repayment on the TNB needs to be deferred and there also need to be funding options for POF.

Off-road vehicle fuel tax refunds need to be included.

Sound Transit promotes several myths, including that light rail carries more people than freeway lanes. Buses in lanes currently carry more people than light rail, and it's too early to give ST more money.

More money is needed for public safety and Washington troopers. Less money means less traffic enforcement and reduced public safety.

Washington residents don't spend their lives where they live, and they need a transportation system that can get them to where they work and recreate.

There needs to be steady and adequate ferry funding.

The 18th Amendment needs to be made whole.

Bike and pedestrian paths are a good way to improve community health and reduce obesity. Active transportation funding is, therefore, important. This funding also helps improve the connectivity within communities.

The freight project fee spending should be codified.

(In support with amendment(s)) People can ride light rail from the airport to Seattle, but there needs to be funding for light rail to Tacoma as well. Sound Transit 3 is good for the region and the state and it allows the voters to decide.

The Puget Sound region is the economic driver of the state, and Snohomish County is the driver in manufacturing. There is capacity for another 100,000 jobs at Payne Field, and transportation funding is necessary to realize it. Atlanta has a mass transit system because we decided not to invest in transit in the past, but we need to invest now. Community Transit also needs the funds in the package.

The build-out of SR 167 and I-5 through Joint Base Lewis-McChord are game changes for trade. This package also meets the needs of areas across the state.

Companies need to be able to get goods to market, and people must be kept safe. This package invests in Snohomish County and across the state to do both these things.

The funding for transit does not go far enough. For \$15 billion, capacity for King, Pierce, and Snohomish counties would be provided.

The restrictions on the LCFS should be removed.

Robust transportation improvements are critical in order to move people quickly and safely throughout the region. King County residents want more light rail and more ST service as quickly as possible, and only the full \$15 billion will meet all the needs.

Special needs, rural mobility, and regional mobility funding are all beneficial for transit. More transit funding, full ST funding, and other local funding options are also preferred. There should also be an expansion of the transit projects.

Community Transit needs more sales tax capacity in order to grow, and appreciates the inclusion of this in the package.

(In support with concerns) It is encouraging that mobility is being discussed. People support direct funding to cities and counties and the full \$15 billion for ST3, but are opposed to the LCFS and the sales tax exemption.

(With concerns) The package needs to fully fund ST3, improve bicycle, pedestrian, and transit investment, and remove the restrictions on the LCFS. Cleaner fuels should not be pitted against transit, and clean fuels must be recognized to be more valuable than dirty ones.

The LCFS portion of the bill should be removed and ST3 should be fully funded. There should also be a less regressive source of funding than the fuel tax.

Transit helps low-income and immigrant communities and needs to be funded.

(Opposed) Roads and bridges are crumbling, but people are driving less. Despite this, the package is focused on new projects and not where it should be, on repairs and transit.

(Other) The Governor is concerned about the sales tax exemption and the LCFS language causing the loss of multimodal funds.

There are three priorities at the WSDOT—fix it, keep it safe, and finish what the state has started. A package will allow for all of these things to occur.

A new law package is important for the competitive standing of the state. The Office of the State Treasurer is also interested in the long-term financial status of the state. The state should not use more than half the transportation revenue it receives for debt service, so that there is no need to worry about the General Fund needing to be used.

Persons Testifying:

Persosn testifying on ESSB 5987 in House Transportation Committee on March 26, 2015.

(In support) Senator King, prime sponsor, Senator Hobbs; Senator Liias; Ed Murray, City of Seattle; John Marchione, City of Redmond and Sound Transit; Mike Hubbard, Capstone Development; Kris Johnson, Association of Washington Business; Kristal Fiser, United Parcel Service; Steve Mullins, Washington Roundtable; Austin Neilson, Tri-Cities; Maud Doudon, Seattle Chamber of Commerce; Kelly Love, Vancouver Chamber of Commerce; Helen Price-Johnson, David Sauter and Kevin Bouchey, Washington State Association of Counties; Larry Pursley, Washington Trucking Association; Joe Wilson, Peterson Brothers; Rod Smith, Washington Oil Marketers Association; Duke Schaub, Associated General Contractors; Paul Mayo, Flat Iron; Bob Adams, Atkinson Construction; Lincoln Vanderveen and Todd Woosley, Bellevue Chamber of Commerce; Jim Hedrick, Greater Spokane, Inc.; Francis Benjamin, Association of Washington Cities; Ryan Mello, City of Tacoma; Suzette Cook, City of Kent; Dennis Manes, Kent Chamber of Commerce; Steve Peterson, City of Liberty Lake; Fred Butler, City of Issaquah and Sound Transit; Dave Earling, City of Edmonds; Michael Grayum and Michael Courts, City of DuPont; Jason Whalen, City of Lakewood; Tim Puryear, Lakewood Industrial Park; Eric Johnson, Washington Ports; Don Meyer, Port of Tacoma; John Creighton, Port of Seattle; Ashley Hellenberg, Port of Longview; Scott Walstra, Cowlitz Economic Development Council; Dennis Webber, Cowlitz County; David Moseley, DM Consulting; Mike Cero, City of Mercer Island; Tom Pierson, Tacoma Pierce County Chamber of Commerce; Todd Iverson, ILWU Local 23; Vern Little, City of Lake Stevens; Thea Goodwin, Key Bank and Lake Stevens Chamber of Commerce; Doug Levy, City of Everett; Al Aldrich, Cities of Marysville, Arlington and Snohomish; Glenn Coil, Economic Alliance Snohomish County; Val Tollefson, Bainbridge City Council;

Jill Guernsey, City of Gig Harbor; Rob Gelder, Kitsap County; Terry Kohl, Back Country Horsemen of Washington and Washington Snowmobile Association; Vic Bishop, Eastside Transportation Association; Joe Melroy, Port of Ridgefield; Ron Arp, Identity Clark County; Katy Brooks, Port of Vancouver; Mike Bomar, Columbia River Economic Development Council; William Farris, Tom Huntington, and Phillip Lemley, City of Richland; Matt Larson, Snoqualmie/Sound Cities Association; Nancy Backus, City of Auburn; Bruce Wynn, Kirkland Chamber of Commerce; Tim Curtis, City of Fife; Lora Butterfield, Fife/Milton/Edgewood Chamber of Commerce; Patrick Jones, Northern Columbia Basin Rail Project; Leo Bowman and Rick Door, Washington State Good Roads and Transportation Association; Lindsey Hovind, American Heart Association; Victor Coleman, Childhood Obesity Coalition; Blake Trask, Washington Bikes; and Ashley Probart, Freight Mobility Strategic Investment Board.

(In support with amendment(s)) Marilyn Strickland, City of Tacoma and Sound Transit; Paul Roberts, Sound Transit and City of Everett; Pat McCarthy, Pierce County and Sound Transit; John Lovick, Snohomish County and Sound Transit; Larry Phillips and Joe McDermott, King County and Sound Transit; Michael Shaw, Washington State Transit Association; Jennifer Zeigler, Small/Medium Transit Association; and Davor Gjurasic, Community Transit.

(In support with concerns) Dow Constantine, King County and Sound Transit.

(With concerns) Andrew Austin, Transportation Choices Coalition; Jessica Finn Coven, Climate Solutions; Carrie Nyssen, American Lung Association; Beth Lindsay, Union of Concerned Scientists; and Todd Ellis, Imperion Renewables.

(Opposed) Bruce Speight, Washington Public Interest Research Group.

(Other) Charles Knutson, Office of the Governor; Lynn Peterson, Washington State Department of Transportation; Jim McIntire, Office of the State Treasurer; Joe Kendo, Washington State Labor Council; Ellicot Dandy, OneAmerica; and Bryce Yadon, Futurewise.

Persons Signed In To Testify But Not Testifying: None.