

HOUSE BILL REPORT

HB 1410

As Reported by House Committee On: Finance

Title: An act relating to authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Brief Description: Authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Sponsors: Representatives Doglio, Dolan, Fey, Farrell, Jinkins, Fitzgibbon, Pollet and Springer.

Brief History:

Committee Activity:

Finance: 1/24/17, 2/3/17 [DP].

Brief Summary of Bill

- Increases the rate of sales and use tax that may be imposed by certain public transportation benefit areas.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 7 members: Representatives Lytton, Chair; Frame, Vice Chair; Dolan, Pollet, Springer, Stokesbary and Wilcox.

Minority Report: Do not pass. Signed by 2 members: Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative Condotta.

Staff: Rachelle Harris (786-7137).

Background:

Public transit systems are special districts that are authorized to provide public transportation service within specific boundaries. Transit systems are formed under a variety of governance

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structures, including Public Transportation Benefit Areas (PTBAs), Metropolitan Municipal Corporations (Metros), Transportation Benefit Districts (TBDs), county transportation authorities, city-owned transit systems, and regional transit authorities.

"Public transportation service" refers to the provision of transportation for packages, passengers, and their incidental baggage (by means other than by chartered bus or by sight-seeing bus), along with the necessary passenger terminals and parking facilities, or other properties necessary for passenger and vehicular access to and from such systems. In the case of some PTBAs, service can also include passenger-only ferry service.

In addition to setting and raising fares, a public transit system or legislative body may seek voter approval to impose a local sales and use tax of up to 0.9 percent to fund transit services. Most transit systems are also permitted to seek approval for a business and occupation tax and a household tax in lieu of a sales and use tax. Certain municipal transit authorities serving counties with large populations are permitted to levy an additional sales and use tax of up to 0.3 percent.

Summary of Bill:

The legislative body of a PTBA located in a county with a population of more than 250,000 and less than 400,000 that also contains two or more cities with a population of 40,000 or more is granted authority, subject to voter approval, to impose a sales and use tax of up to 0.3 percent that is in addition to any previously authorized public transportation-related sales and use taxes imposed.

Based on the 2016 Office of Financial Management population estimates, the bill would only apply to Thurston County's PTBA, Intercity Transit, which currently levies a sales and use tax of 0.8 percent. The bill would permit Intercity Transit to seek voter approval to impose a rate of up to 1.2 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2017.

Staff Summary of Public Testimony:

(In support) This bill will increase the authority for voter-approved taxing for transportation. Intercity transit connects Lacey, Yelm, Olympia, Tumwater, and unincorporated Thurston county. The services it provides include vanpools, dial-a-lift, village vans, and community vans for nonprofits. Ridership has grown by 68 percent in the last 10 years and is increasing, as demand is ongoing. The board of Intercity Transit would like to expand services. We are currently authorized to levy up to 0.9 percent, we currently levy 0.8 percent. We need

additional authority to ask voters for more capacity and the ability to have a clear plan and vision to present to voters. Snohomish County was granted this authority in the 2015 transportation package. Public transit is vital in the community.

Intercity Transit serves over 100,000 people. Seventy-five percent of the budget is from sales and use taxes. There has recently been a reduction in overall federal support, which undermines our ability to address capital needs, let alone put additional services on the street. The success of our comprehensive plan is dependent on a higher level of service than we can currently provide. It's not feasible to add road capacity to downtown Olympia, but we need to accommodate the transit needs of a growing population. The cost of road development is higher and more disruptive than alternative transport modes.

Youth, in particular, depend on the bus for transit between work, school, and other events and obligations; it is their primary mode of transport. One's ability to go to college or work shouldn't be limited by an inability to travel. Intercity Transit increased fares in 2013 by 25 percent. Good public transit is critical for people with disabilities in order to get around and maintain independence. Recruitment strategies to attract people and jobs to the area depends on leveraging resources in the community. Intercity Transit is one of the best transit systems around and it is critical to local economic development.

(Opposed) None.

Persons Testifying: Representative Doglio, prime sponsor; Ann Freeman-Manzanares, Intercity Transit; Nathaniel Jones, Olympia City Council; Walter Smit; Lin Zenki; Michael Cade, Thurston County Economic Development Council; and Larry Watkinson.

Persons Signed In To Testify But Not Testifying: None.