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**SENATE BILL 5042**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators O'Ban, Becker, Conway, Fortunato, Honeyford, Zeiger, Mullet, and Short

Prefiled 12/24/18. Read first time 01/14/19. Referred to Committee on Transportation.

1 AN ACT Relating to establishing a vehicle valuation method for a  
2 regional transit authority collecting a motor vehicle excise tax that  
3 is based on Kelley blue book or national automobile dealers  
4 association values; amending RCW 82.44.135; adding a new section to  
5 chapter 81.112 RCW; creating new sections; and declaring an  
6 emergency.

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

8 **Sec. 1.** RCW 82.44.135 and 2006 c 318 s 9 are each amended to  
9 read as follows:

10 (1) Except as otherwise provided in this section, before a local  
11 government subject to this chapter may impose a motor vehicle excise  
12 tax, the local government must contract with the department for the  
13 collection of the tax. The department may charge a reasonable amount,  
14 not to exceed one percent of tax collections, for the administration  
15 and collection of the tax.

16 (2) A regional transit authority may contract with the department  
17 for the collection of a motor vehicle excise tax only if the  
18 authority has implemented a market value adjustment program as  
19 directed in section 2 of this act.

20 (3) Any contract entered into under this section must provide  
21 that the department receives amounts sufficient to fully cover the

1 costs applicable to the tax collection and market value adjustment  
2 process, including (a) customer service-related costs, (b)  
3 information technology-related costs, (c) public announcement and  
4 education costs, and (d) any liability or other related risk  
5 assessment costs. The contract must also provide that any unforeseen  
6 future administrative costs are borne by the regional transit  
7 authority.

8 (4) If the department enters into a contract with a regional  
9 transit authority for the collection of a motor vehicle excise tax  
10 authorized in RCW 81.104.160(1), and after the regional transit  
11 authority implements a market value adjustment program as directed in  
12 section 2 of this act, the department must clearly indicate, when  
13 notifying taxpayers of the expected tax due and when collecting the  
14 tax: The amount of tax owed under current law, the amount of any  
15 credit applied, and the net result.

16 NEW SECTION. Sec. 2. A new section is added to chapter 81.112  
17 RCW to read as follows:

18 (1) A regional transit authority that includes portions of a  
19 county with a population of more than one million five hundred  
20 thousand and that imposes a motor vehicle excise tax under RCW  
21 81.104.160(1) must establish a market value adjustment program to be  
22 implemented by December 31, 2019.

23 (2) Under the market value adjustment program, the authority must  
24 provide a credit against the total motor vehicle excise tax due in an  
25 amount equal to the tax due calculated using the vehicle valuation  
26 schedule in effect on the effective date of this section, less an  
27 amount calculated using an assumed motor vehicle excise tax of 0.5  
28 percent and the value of a motor vehicle based on base model Kelley  
29 blue book values or national automobile dealers association values,  
30 whichever is lower, if the resulting difference is positive.

31 (3) Except for the property tax authorized in RCW 81.104.175 and  
32 for project schedule adjustments, the program may be funded by any  
33 resources available to the authority.

34 (4) The program must provide credit retroactive to the date that  
35 the authority first imposed the tax under RCW 81.104.160(1). The  
36 authority, in consultation with the department of licensing, must  
37 develop a system to issue refunds of credits with respect to vehicles  
38 for which the registrations were renewed before January 1, 2020.

1 (5) The program must be implemented in a manner that allows the  
2 delivery of the system and financing plan approved by the authority's  
3 voters in 2017 to the extent practicable. Building on past and  
4 ongoing cost-savings efforts, the agency must continue to evaluate  
5 measures that may be needed to reduce costs. These measures include,  
6 but are not limited to:

7 (a) Designing projects using the principles of practical design,  
8 as described for use by the department of transportation under RCW  
9 47.01.480;

10 (b) Efficiencies realized in coordinating and integrating  
11 activities with other transit agencies and local governments,  
12 including through shared maintenance and operations, joint  
13 procurement, joint marketing, joint customer services, and joint  
14 capital projects; and

15 (c) Revising project contingency budgets, if practicable.

16 (6) Until the plan has been completed, the authority must submit,  
17 in compliance with RCW 43.01.036, an annual report to the  
18 transportation committees of the legislature by December 31st of each  
19 year on the status of the delivery of the plan. The report must  
20 include detail on the extent to and manner in which the authority has  
21 used cost savings to maintain the delivery of the plan as approved by  
22 the voters.

23 NEW SECTION. **Sec. 3.** This act must be construed to preclude a  
24 regional transit authority from defeasing any outstanding bond  
25 obligations.

26 NEW SECTION. **Sec. 4.** Section 2 of this act applies to vehicle  
27 registrations that are due or become due on or after January 1, 2020.

28 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
29 preservation of the public peace, health, or safety, or support of  
30 the state government and its existing public institutions, and takes  
31 effect immediately.

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