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**HOUSE BILL 2062**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Hackney, Berry, Fitzgibbon, Ryu, Valdez, Wicks, Chopp, Pollet, Bergquist, Macri, and Lekanoff

AN ACT Relating to the imposition of additive revenue sources within a regional transit authority area; amending RCW 81.104.160; and adding new sections to chapter 81.112 RCW.

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

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

(1) The board of a regional transit authority may establish one or more enhanced service zones within a portion of the boundaries of the authority in order to finance system improvements directly benefiting the respective enhanced service zone. An enhanced service zone must lie entirely within the authority boundaries and must comprise no less than the entire portion of a city or town that lies within the authority boundaries. An enhanced service zone may also include one or more entire adjacent cities or towns and adjacent unincorporated areas. There may also be multiple enhanced service zones encompassing the same city or town, or adjacent unincorporated area.

(2) Before an enhanced service zone may be established, it must first be recommended to the board by an advisory committee composed of board members representing the proposed enhanced service zone. The advisory committee's recommendations must include proposed system improvements benefiting the enhanced service zone, to be financed by residents of the enhanced service zone but constructed and operated by the authority. If the board establishes the recommended enhanced service zone, then the board must submit a ballot proposition to voters within the enhanced service zone at a general or special election for approval of the proposed system improvements and funding sources as provided in subsection (3) of this section. The funding sources may not be imposed without approval of a majority of the voters in the enhanced service zone voting on the proposition. The proposition must include a specific description of the proposed system improvement or improvements and the funding sources to be imposed within the enhanced service zone to raise revenue to fund the improvement or improvements.

(3) An authority may levy and collect within the boundaries of an enhanced service zone one or more of the following voter-approved local option funding sources to finance the proposed improvements within the enhanced service zone:

(a) A special motor vehicle excise tax as provided in RCW 81.104.160(1)(b); and

(b) A commercial parking tax under section 3 of this act.

(4) To the extent that system improvements include new fixed rail guideway components of the rail fixed guideway public transportation system within a city with a population of 500,000 or more, such guideway shall be in entirely exclusive rights-of-way and not contain any level traffic crossings with modes not part of the rail fixed guideway public transportation system.

(5) "System improvement or improvements," as used in this section, means additions to or alterations of a high capacity transportation system or rail fixed guideway public transportation system as both are defined in RCW 81.104.015.

**Sec.**  RCW 81.104.160 and 2015 3rd sp.s. c 44 s 319 are each amended to read as follows:

(1)(a) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding eight-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service.

(b) In addition to the authority provided in (a) of this subsection, regional transit authorities described in (a) of this subsection may submit an authorizing proposition to the voters within the boundaries of an enhanced service zone described in section 1 of this act, and if approved, may levy and collect an excise tax within the enhanced service zone, at a rate approved by the voters, but not exceeding one and one-half percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the enhanced service zone, solely to raise revenue to fund the improvement or improvements described in section 1 of this act.

(c) The maximum tax ((~~rate~~)) rates under this subsection ((~~does~~)) (1) do not include a motor vehicle excise tax approved before July 15, 2015, if the tax will terminate on the date bond debt to which the tax is pledged is repaid. ((~~This tax does~~)) The taxes under this subsection (1) do not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection (1) or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after July 15, 2015, must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before July 15, 2015. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before July 15, 2015, must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of ((~~RCW 81.104.160(1)~~)) subsection (1) of this section shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter 11, Laws of 2015 3rd sp. sess.

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

(1) Subject to the conditions of this section, an authority may submit an authorizing proposition to the voters within the boundaries of an enhanced service zone described in section 1 of this act, and if approved, may fix and impose a parking tax on all persons engaged in a commercial parking business within the enhanced service zone.

(2) In lieu of the tax in subsection (1) of this section, an authority may submit an authorizing proposition to the voters within the boundaries of an enhanced service zone described in section 1 of this act, and if approved, 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 within the enhanced service zone.

The authority 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 directly or indirectly through a lease, including parking supplied with a lease of nonresidential space, but the tax does not apply when an exclusive and individual parking stall is provided as an inseverable condition of a residential lease agreement for the duration of that lease agreement;

(c) The tax is collected by the operator of the facility and remitted to the authority;

(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 a disabled parking placard, or government vehicles are exempt from the tax.

(3) "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, except that "commercial parking business" does not mean lease of parking in a residential building as part of a housing lease or housing rent payments. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

(4) 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.

(5) The authority 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. An authority may develop by ordinance or resolution rules for administering the tax, including provisions for reporting by commercial parking businesses, collection, and enforcement.

(6) The proceeds of the commercial parking tax fixed and imposed by an authority under subsection (1) or (2) of this section must be used to raise revenue to fund the improvement or improvements described in section 1 of this act.

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