

# SENATE BILL REPORT

## SB 5528

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As Reported by Senate Committee On:  
Transportation, February 7, 2022

**Title:** An act relating to the imposition of additive revenue sources within a regional transit authority area.

**Brief Description:** Concerning the imposition of additive revenue sources within a regional transit authority area. [**Revised for 1st Substitute:** Concerning the imposition of supplemental revenue sources within a regional transit authority area.]

**Sponsors:** Senators Pedersen, Lias and Hawkins.

**Brief History:**

**Committee Activity:** Transportation: 1/13/22, 2/07/22 [DPS, DNP, w/oRec].

**Brief Summary of First Substitute Bill**

- Allows a Regional Transit Authority (RTA) to establish one or more enhanced service zones (ESZ) within its boundaries to finance high capacity transportation system improvements directly benefiting the ESZ.
- Allows an RTA to collect certain additional taxes within an ESZ if a majority of the voters in the ESZ approve.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5528 be substituted therefor, and the substitute bill do pass.

Signed by Senators Lias, Chair; Saldaña, Vice Chair; Cleveland, Das, Hawkins, Lovelett, Lovick, Nguyen, Nobles, Randall, Sheldon and Wilson, C.

**Minority Report:** Do not pass.

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

Signed by Senators Fortunato and Padden.

**Minority Report:** That it be referred without recommendation.

Signed by Senators King, Ranking Member; Holy and Wilson, J.

**Staff:** Daniel Masterson (786-7454)

**Background:** Regional Transit Authority. A Regional Transit Authority (RTA) is authorized to levy and collect taxes within its boundaries and to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus services and light rail. There is currently one RTA—Sound Transit—which operates light rail, commuter rail, and express bus service in parts of King, Snohomish, and Pierce counties. Sound Transit currently imposes the following voter-approved taxes:

- 1.4 percent sales and use tax;
- 1.1 percent motor vehicle excise tax (MVET);
- an annual \$0.25 per \$1,000 of assessed value property tax; and
- a rental car sales tax of 0.8 percent.

High Capacity Transportation System Planning and Expert Review Panel Oversight. Local authorities must follow a specific planning process for high capacity transportation system and project plans if their system plan includes a rail fixed guideway system component or a bus rapid transit component that is planned by a regional transit authority. An expert review panel must provide independent technical review for development of any system plan that will be funded in whole or in part by the imposition of any voter-approved local option funding sources and includes a rail fixed guideway system component or a bus rapid transit component that is planned by a regional transit authority. The expert review panel must be selected cooperatively by the chairs of the Senate and House of Representatives Transportation Committees, the secretary of the Department of Transportation, and the Governor.

**Summary of Bill (First Substitute):** Authority to Establish Enhanced Service Zones. The board of an RTA may establish one or more enhanced service zones (ESZ) within a portion of the boundaries of the RTA to finance high capacity transportation system improvements directly benefiting the respective ESZ. An ESZ must lie entirely within the RTA boundaries and must comprise no less than the entire portion of a city or town that lies within the RTA boundaries. An ESZ may also include one or more entire adjacent cities or towns and adjacent unincorporated areas, and must contain all or portions of one or more high capacity transportation projects included within an existing voter-approved regional transportation plan. There may also be multiple ESZs encompassing the same city or town, and adjacent unincorporated area.

Authority to Collect Additional Funding Within an Enhanced Service Zone. An RTA may levy and collect within the boundaries of an ESZ one or more of the following voter-approved local option funding sources to finance the proposed improvements within the

ESZ:

- a special MVET up to 1.5 percent in addition to the existing RTA MVET; and
- a commercial parking tax.

The commercial parking tax cannot be applied to exclusive and individual parking stalls provided as an inseverable condition of a residential lease agreement for the duration of that lease agreement, or parking charged separately from the residential rent payment, as long as the parking stall is in the same residential building in which the lessee resides.

Establishment Processes and Other Requirements. Before an ESZ may be established, it must first be recommended to the RTA board by an advisory committee composed of board members representing the subarea in which the proposed ESZ is located. The advisory committee's recommendations must include proposed system improvements benefiting the ESZ, to be financed by residents of the ESZ but constructed and operated by the RTA.

If the board establishes the recommended ESZ, then the board must submit a ballot proposition to voters within the ESZ at a general or special election for approval of the proposed system improvements and funding sources. The funding sources may not be imposed without approval of a simple majority of the voters in the ESZ voting on the proposition. The proposition must include a specific description of the proposed system improvement or improvements, including speed, reliability, and safety enhancements to the improvements, and the funding sources to be imposed within the ESZ to raise revenue to fund the improvement or improvements.

Design and construction of the system improvements approved by the voters of an enhanced service zone shall not materially and unreasonably delay the estimated completion date of high capacity transportation system improvements contained in an existing voter-approved regional transit plan.

A ballot proposition to voters within the enhanced service zone may authorize improvements that are:

- enhancements to one or more high capacity transportation systems contained in an existing voter-approved regional transit plan, including modifications to an existing system's facilities that improve performance characteristics such as speed, reliability, potential for future expansion, and safety or the completion date of the system but do not change the mode or route alignment of the system previously approved by voters, and improvements to service, such as reducing headway times or adding interim bus service;
- new rail improvements on alignments that are not contained in an existing voter-approved regional transit plan and connect to the high capacity transportation system;
- high capacity transportation system planning for future system expansion within the enhanced service zone; or
- a combination of these improvements.

Planning process requirements in RCW 81.104.100 and expert review panel requirements in RCW 81.104.110 are suspended for any ballot proposition submitted to the voters of an enhanced service zone for planning and improvements, if the improvements are enhancements and only contain modifications to an existing system's facilities that improve performance characteristics but do not change the mode or route alignment of the system previously approved by voters.

To the extent that system improvements include new light rail components within Seattle, the light rail components shall be in entirely exclusive rights-of-way and not contain any level traffic crossings with modes not part of the light rail system.

Sound Transit is authorized to pledge ESZ parking taxes to retire bonds issued solely for the purpose of providing high capacity transportation service and to contract with the Department of Revenue (DOR) or other entities for collection of ESZ revenues.

**EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute):**

Directs that an Enhanced Service Zone (ESZ) must contain all or portions of one or more high capacity transportation projects included within an existing voter-approved regional transportation plan.

Specifies that "speed, reliability, and safety enhancements to the improvements" must be included in a specific description of the proposed high capacity transportation system improvement or improvements submitted as part of a proposition to voters of an ESZ.

States that design and construction of the system improvements approved by the voters of an enhanced service zone shall not materially and unreasonably delay the estimated completion date of high capacity transportation system improvements contained in an existing voter-approved regional transit plan.

Specifies that a ballot proposition to voters within the enhanced service zone may authorize improvements that are:

- enhancements to one or more high capacity transportation systems contained in an existing voter-approved regional transit plan, including modifications to an existing system's facilities that improve performance characteristics such as speed, reliability, potential for future expansion, and safety or the completion date of the system but do not change the mode or route alignment of the system previously approved by voters; and improvements to service, such as reducing headway times or adding interim bus service;
- new rail improvements on alignments that are not contained in an existing voter-approved regional transit plan and connect to the high capacity transportation system;
- high capacity transportation system planning for future system expansion within the enhanced service zone; or

- a combination of the improvements authorized by this subsection.

Suspends application of planning process requirements in RCW 81.104.100 and expert review panel requirements in 81.104.110 for any ballot proposition submitted to the voters of an enhanced service zone if the improvements are enhancements and only contain modifications to an existing system's facilities that improve performance characteristics but do not change the mode or route alignment of the system previously approved by voters.

Clarifies the exemption from the commercial parking tax for residential parking.

Authorizes agencies participating in regional high capacity transportation system development to levy and collect a parking tax.

States that dedicated enhanced service zone funding sources are subject to voter approval by a simple majority of the ESZ.

Authorizes Sound Transit to pledge ESZ parking taxes to retire bonds issued solely for the purpose of providing high capacity transportation service.

Authorizes Sound Transit to contract with DOR or other entities for collection of ESZ revenues.

Codifies new sections in chapter 81.104 RCW instead of chapter 81.112 RCW.

Makes technical changes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: As a resident of Capitol Hill in Seattle, my world has been transformed by the opening of light rail. Now that the line is open to Northgate, we're starting to see the promise of how quickly and efficiently people can get from one part of the city to another. The purpose of this bill is to let local communities take advantage of that promise and expand the system even more. This bill would allow voters and Sound Transit to accelerate segments of the regional light rail network. If you've seen the line of cars coming out of Northgate after a Kraken game, you know how many vehicle miles have been avoided and how much congestion reduced because of light rail. The Sound Transit board has committed to supporting new, creative ways of providing additional funding for transit. We do support the bill but would like to

work with the sponsor on refinements. Transportation Choices Coalition does see value in providing local jurisdictions progressive taxing options to increase frequency and service for their residents. This can't be seen as backfill, and this should not be seen as a substitute for state support for transit operating needs for all agencies. Because most carbon emissions in the state come from transportation, it makes things like Sound Transit absolutely essential to addressing the climate crisis, as well as addressing our mobility and economic needs. This bill is an essential part of the solution to these problems. Much of the economic strength of our state funnels through the Puget Sound area. Unfortunately the Puget Sound accounts for much of the state's carbon emissions as well. In Seattle, road emissions account for 60 percent of our CO2 output. This bill would provide another tool to local jurisdictions and the RTA to fill gaps and expand the transit system, at a time when we need every tool available. Seventy-six percent of survey respondents in Seattle support new transit funding sources, compared to 19 percent who were opposed. Other polling also shows support for transit expansion in the area. It's great that this bill gives local jurisdictions flexibility. This bill helps people who value their time. We don't want to be stuck in traffic. This bill is about speeding timelines, giving local control, and adding additional transit service.

**Persons Testifying:** PRO: Senator Jamie Pedersen, Prime Sponsor; Joe Kunzler, None; Andrew Villeneuve, Northwest Progressive Institute; Jonathan Hopkins, Seattle Subway; Robert Cruickshank, Sierra Club; Alex Soldano, Sound Transit; Bryce Yadon, Transportation Choices Coalition; Dan Strauss, Seattle City Council.

**Persons Signed In To Testify But Not Testifying:** No one.