

## **Legislative Update 2006: Expanded Transportation Benefit District Authority**

### **Background:**

Transportation Benefit Districts, or "TBDs" originated in 1987 and were modified again in 1989. The legislative authority of a county or a city can establish a transportation benefit district. It can be less than jurisdiction wide and is to address existing or foreseeable congestion levels. When multiple jurisdictions are involved in establishing a TBD, the governance structure is controlled by interlocal agreement.

However, the original statute was considered problematic due to its primary tax authority related to property taxes. It also allows a fee or charge on construction and reconstruction to be solely used for transportation improvements identified in the Transportation Benefit District.

Around 2002, Senator Swecker introduced legislation to refine and expand Transportation Benefit District authorities. This legislation finally passed in 2005, in the form of Engrossed Senate Substitute Bill 5177.

In 2006, this legislation was revised and imbedded as part of the Puget Sound regional transportation bill, ESHB 2871 (formerly known as "RTID"). The underlying TBD part of the bill was HB 3138.

### **The new authority:**

Existing or foreseeable congestion is the threshold to create a TBD. (original law)

Subject to voter approval, TBDs have independent taxing authority to implement the following revenue measures:

- (1) property taxes (see below)
- (2) 2/10 of one percent sales tax
- (3) an annual vehicle license fee per vehicle registered in the district, not to exceed \$100
- (4) general obligation bonds;
- (5) transportation impact fees; and
- (6) border area motor vehicle fuel taxes (Point Roberts uses the authority).

The significant improvement in the 2006 legislation is the following:

1) The requirement that 60 cents on the dollar go to highways of statewide significance is repealed. Funds are to be dedicated to a "transportation improvement", which is defined as a project contained in the transportation plan of the state or Regional Transportation Planning Organization. Transportation improvement includes state highways, principal arterials (of regional significance), public transportation, and "other projects" of regional significance. It also allows for the operation, preservation, and maintenance of identified facilities or programs. Note: regional significance is defined by its RTPO membership.

2) King, Pierce, and Snohomish County (and its respective cities) have this authority effective December 1, 2007. If the Regional Transportation Improvement District (RTID) measure fails in November 2007, then King, Pierce and Snohomish County will receive the RTID taxing authority of 8/10% MVET and an additional 1/10% sales tax. Previously, they were precluded from this authority.

Note on property tax:

There are effectively two options and both require a 60% or greater voter approval.

- 1) A one year levy in excess of the 1% limitation,
- 2) A levy in excess of the 1% limitation to back voter approved G.O. bonds.