

**RCW 81.104.160 Motor vehicle excise tax for regional transit authorities—Sales and use tax on car rentals—Former motor vehicle excise tax repealed.** (1)(a) Regional transit authorities that include a county with a population of more than 1,500,000 may submit an authorizing proposition to the voters, and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 RCW 81.104.220, and if approved, may levy and collect a supplemental 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 RCW 81.104.220.

(c) The maximum tax rates under this subsection (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. The taxes under this subsection (1) do not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of 6,000 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 subsection (1)(a) 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. and regional mobility grant program funds. To be eligible to receive regional mobility grant program funds, a regional transit authority must have adopted, at a minimum, a zero-fare policy that allows passengers 18 years of age and younger to ride free of charge on all modes provided by the authority by October 1, 2022. [2022 c 285 s 2; 2022 c 182 s 438; (2020 c 1 s 13 repealed by 2024 c 232 s 7); 2015 3rd sp.s. c 44 s 319; 2010 c 161 s 903; 2009 c 280 s 4; 2003 c 1 s 6 (Initiative Measure No. 776, approved November 5, 2002); 1998 c 321 s 35 (Referendum Bill No. 49, approved November 3, 1998). Prior: 1992 c 194 s 13; 1992 c 101 s 27; 1991 c 318 s 12; 1990 c 43 s 42.]

**Reviser's note:** (1) In *Pierce Cty. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006), the Washington state supreme court held that section 6, chapter 1, Laws of 2003 (Initiative Measure No. 776) impermissibly impairs the contractual obligations between Sound Transit and its bondholders in violation of the contract clause and, as a result, has no legal effect of preventing Sound Transit from continuing to fulfill its contractual obligation to levy the motor vehicle excise tax for so long as the bonds remain outstanding.

(2) This section was amended by 2022 c 182 s 438 and by 2022 c 285 s 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Intent—Effective date—2022 c 182:** See notes following RCW 70A.65.240.

**Effective date—2015 3rd sp.s. c 44:** See note following RCW 46.68.395.

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

**Severability—Savings—2003 c 1 (Initiative Measure No. 776):** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. If the repeal of taxes in section 6 of this act is judicially held to impair any contract in existence as of the effective date of this act, the repeal shall apply to any other contract, including novation, renewal, or refunding (in the case of bond contract)." [2003 c 1 s 10 (Initiative Measure No. 776, approved November 5, 2002).]

**Repeal of taxes by 2003 c 1 s 6 (Initiative Measure No. 776):** "If the repeal of taxes in section 6 of this act affects any bonds previously issued for any purpose relating to light rail, the people expect transit agencies to retire these bonds using reserve funds including accrued interest, sale of property or equipment, new voter

approved tax revenues, or any combination of these sources of revenue. Taxing districts should abstain from further bond sales for any purpose relating to light rail until voters decide this measure. The people encourage transit agencies to put another tax revenue measure before voters if they want to continue with a light rail system dramatically changed from that previously represented to and approved by voters." [2003 c 1 s 7 (Initiative Measure No. 776, approved November 5, 2002).]

**Construction—Intent—2003 c 1 (Initiative Measure No. 776):** See notes following RCW 46.16A.455.

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

**Contingent effective dates—1998 c 321 ss 23-42:** See note following RCW 35.58.410.

**Legislative intent—1992 c 194:** See note following RCW 82.08.020.

**Effective dates—1992 c 194:** See note following RCW 46.04.466.