
SUBSTITUTE SENATE BILL 6761

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Thibaudeau, Owen and Prentice)

Read first time 02/06/96.

1 AN ACT Relating to city and town transportation financing; amending
2 RCW 84.52.010, 84.52.043, 84.52.105, 84.52.120, 82.80.060, and
3 82.80.070; creating a new section; repealing RCW 82.80.050; and
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes that cities and
7 towns throughout the state face a crisis in their ability to meet
8 growing local transportation needs, due in part to a recent decision of
9 the state supreme court that invalidated street utility charges under
10 the authority of chapter 141, Laws of 1991, RCW 82.80.050. The
11 legislature intends to assist cities and towns with replacing the local
12 funding that would have been available to them had RCW 82.80.050 been
13 upheld, by providing cities and towns with a choice of either obtaining
14 voter approval for additional regular property taxes already allowed by
15 RCW 84.52.105 and using those taxes for transportation purposes or
16 utilizing, with voter approval, regular property tax capacity that is
17 available for, but not utilized by, special purpose districts, or some
18 combination of the two, not to exceed in any event fifty cents per
19 thousand dollars of assessed valuation. The legislature further

1 intends that allowing these shifts in potential uses of existing taxing
2 authority will not result in displacing tax levies by other taxing
3 districts but will be available to cities and towns only to the extent
4 that it is not utilized by other districts.

5 **Sec. 2.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended
6 to read as follows:

7 Except as is permitted under RCW 84.55.050, all taxes shall be
8 levied or voted in specific amounts.

9 The rate percent of all taxes for state and county purposes, and
10 purposes of taxing districts coextensive with the county, shall be
11 determined, calculated and fixed by the county assessors of the
12 respective counties, within the limitations provided by law, upon the
13 assessed valuation of the property of the county, as shown by the
14 completed tax rolls of the county, and the rate percent of all taxes
15 levied for purposes of taxing districts within any county shall be
16 determined, calculated and fixed by the county assessors of the
17 respective counties, within the limitations provided by law, upon the
18 assessed valuation of the property of the taxing districts
19 respectively.

20 When a county assessor finds that the aggregate rate of tax levy on
21 any property, that is subject to the limitations set forth in RCW
22 84.52.043 or 84.52.050, exceeds the limitations provided in either of
23 these sections, the assessor shall recompute and establish a
24 consolidated levy in the following manner:

25 (1) The full certified rates of tax levy for state, county, county
26 road district, and city or town purposes shall be extended on the tax
27 rolls in amounts not exceeding the limitations established by law;
28 however any state levy shall take precedence over all other levies and
29 shall not be reduced for any purpose other than that required by RCW
30 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
31 84.34.230, the portion of the levy by a metropolitan park district that
32 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
33 regular property tax levies that are subject to the one percent
34 limitation exceeds one percent of the true and fair value of any
35 property, then these levies shall be reduced as follows: (a) The
36 portion of the levy by a metropolitan park district that is protected
37 under RCW 84.52.120 shall be reduced until the combined rate no longer
38 exceeds one percent of the true and fair value of any property or shall

1 be eliminated; (b) if the combined rate of regular property tax levies
2 that are subject to the one percent limitation still exceeds one
3 percent of the true and fair value of any property, then the levy
4 imposed under RCW 84.52.105(4) shall be reduced on a pro rata basis
5 until the combined rate no longer exceeds one percent of the true and
6 fair value of any property or shall be eliminated; (c) if the combined
7 rate of regular property tax levies that are subject to the one percent
8 limitation still exceeds one percent of the true and fair value of any
9 property, then the levies imposed under RCW 84.34.230, 84.52.105 (1)
10 through (3), and any portion of the levy imposed under RCW 84.52.069
11 that is in excess of thirty cents per thousand dollars of assessed
12 value, shall be reduced on a pro rata basis until the combined rate no
13 longer exceeds one percent of the true and fair value of any property
14 or shall be eliminated; and ((+e)) (d) if the combined rate of regular
15 property tax levies that are subject to the one percent limitation
16 still exceeds one percent of the true and fair value of any property,
17 then the thirty cents per thousand dollars of assessed value of tax
18 levy imposed under RCW 84.52.069 shall be reduced until the combined
19 rate no longer exceeds one percent of the true and fair value of any
20 property or eliminated.

21 (2) The certified rates of tax levy subject to these limitations by
22 all junior taxing districts, cities, and towns imposing taxes on such
23 property shall be reduced or eliminated as follows to bring the
24 consolidated levy of taxes on such property within the provisions of
25 these limitations:

26 (a) First, the certified levy of a city or town, to the extent the
27 levy required authorization by the voters under the last sentence of
28 RCW 84.52.043(1), shall be reduced or eliminated;

29 (b) Second, the certified property tax levy rates of those junior
30 taxing districts authorized under RCW 36.68.525, 36.69.145, and
31 67.38.130 shall be reduced on a pro rata basis or eliminated;

32 ((+b) Second)) (c) Third, if the consolidated tax levy rate still
33 exceeds these limitations, the certified property tax levy rates of
34 flood control zone districts shall be reduced on a pro rata basis or
35 eliminated;

36 ((+c) Third)) (d) Fourth, if the consolidated tax levy rate still
37 exceeds these limitations, the certified property tax levy rates of all
38 other junior taxing districts, other than fire protection districts,
39 library districts, the first fifty cent per thousand dollars of

1 assessed valuation levies for metropolitan park districts, and the
2 first fifty cent per thousand dollars of assessed valuation levies for
3 public hospital districts, shall be reduced on a pro rata basis or
4 eliminated;

5 (~~((d) Fourth))~~ (e) Fifth, if the consolidated tax levy rate still
6 exceeds these limitations, the certified property tax levy rates
7 authorized to fire protection districts under RCW 52.16.140 and
8 52.16.160 shall be reduced on a pro rata basis or eliminated; and

9 (~~((e) Fifth))~~ (f) Sixth, if the consolidated tax levy rate still
10 exceeds these limitations, the certified property tax levy rates
11 authorized for fire protection districts under RCW 52.16.130, library
12 districts, metropolitan park districts under their first fifty cent per
13 thousand dollars of assessed valuation levy, and public hospital
14 districts under their first fifty cent per thousand dollars of assessed
15 valuation levy, shall be reduced on a pro rata basis or eliminated.

16 In determining whether the aggregate rate of tax levy on any
17 property, that is subject to the limitations set forth in RCW
18 84.52.050, exceeds the limitations provided in that section, the
19 assessor shall use the hypothetical state levy, as apportioned to the
20 county under RCW 84.48.080, that was computed under RCW 84.48.080
21 without regard to the reduction under RCW 84.55.012.

22 **Sec. 3.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
23 as follows:

24 Within and subject to the limitations imposed by RCW 84.52.050 as
25 amended, the regular ad valorem tax levies upon real and personal
26 property by the taxing districts hereafter named shall be as follows:

27 (1) Levies of the senior taxing districts shall be as follows: (a)
28 The levy by the state shall not exceed three dollars and sixty cents
29 per thousand dollars of assessed value adjusted to the state equalized
30 value in accordance with the indicated ratio fixed by the state
31 department of revenue to be used exclusively for the support of the
32 common schools; (b) the levy by any county shall not exceed one dollar
33 and eighty cents per thousand dollars of assessed value; (c) the levy
34 by any road district shall not exceed two dollars and twenty-five cents
35 per thousand dollars of assessed value; and (d) the levy by any city or
36 town shall not exceed three dollars and thirty-seven and one-half cents
37 per thousand dollars of assessed value. However any county is hereby
38 authorized to increase its levy from one dollar and eighty cents to a

1 rate not to exceed two dollars and forty-seven and one-half cents per
2 thousand dollars of assessed value for general county purposes if the
3 total levies for both the county and any road district within the
4 county do not exceed four dollars and five cents per thousand dollars
5 of assessed value, and no other taxing district has its levy reduced as
6 a result of the increased county levy. Moreover, any city or town is
7 hereby authorized to increase its levy to a rate not to exceed three
8 dollars and eighty-seven and one-half cents per thousand dollars of
9 assessed value, in addition to any levy authorized under chapter 41.16
10 RCW, for transportation purposes if approved by a majority of its
11 voters voting at an election held any time within ten years prior to
12 the imposition of the levy, but only to the extent that no other taxing
13 district will have its levy reduced as a result of the increased city
14 or town levy.

15 (2) The aggregate levies of junior taxing districts and senior
16 taxing districts, other than the state, shall not exceed five dollars
17 and ninety cents per thousand dollars of assessed valuation. The term
18 "junior taxing districts" includes all taxing districts other than the
19 state, counties, road districts, cities, towns, port districts, and
20 public utility districts. The limitations provided in this subsection
21 shall not apply to: (a) Levies at the rates provided by existing law
22 by or for any port or public utility district; (b) excess property tax
23 levies authorized in Article VII, section 2 of the state Constitution;
24 (c) levies for acquiring conservation futures as authorized under RCW
25 84.34.230; (d) levies for emergency medical care or emergency medical
26 services imposed under RCW 84.52.069; (e) levies ~~((to finance~~
27 ~~affordable housing for very low income housing))~~ imposed under RCW
28 84.52.105; and (f) the portions of levies by metropolitan park
29 districts that are protected under RCW 84.52.120.

30 **Sec. 4.** RCW 84.52.105 and 1995 c 318 s 10 are each amended to read
31 as follows:

32 (1) A county, city, or town may impose additional regular property
33 tax levies of up to fifty cents per thousand dollars of assessed value
34 of property in each year for up to ten consecutive years to finance
35 affordable housing for very low-income households when specifically
36 authorized to do so by a majority of the voters of the taxing district
37 voting on a ballot proposition authorizing the levies. If both a
38 county, and a city or town within the county, impose levies authorized

1 under this section, the levies of the last jurisdiction to receive
2 voter approval for the levies shall be reduced or eliminated so that
3 the combined rates of these levies may not exceed fifty cents per
4 thousand dollars of assessed valuation in any area within the county.
5 A ballot proposition authorizing a levy under this section must conform
6 with RCW 84.52.054.

7 (2) The additional property tax levies may not be imposed until:

8 (a) The governing body of the county, city, or town declares the
9 existence of an emergency with respect to the availability of housing
10 that is affordable to very low-income households in the taxing
11 district; and

12 (b) The governing body of the county, city, or town adopts an
13 affordable housing financing plan to serve as the plan for expenditure
14 of funds raised by a levy authorized under this section, and the
15 governing body determines that the affordable housing financing plan is
16 consistent with either the locally adopted or state-adopted
17 comprehensive housing affordability strategy, required under the
18 Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec.
19 12701, et seq.), as amended.

20 (3) For purposes of this section, the term "very low-income
21 household" means a single person, family, or unrelated persons living
22 together whose income is at or below fifty percent of the median
23 income, as determined by the United States department of housing and
24 urban development, with adjustments for household size, for the county
25 where the taxing district is located.

26 (4) Any city or town that does not levy the entire amount of
27 additional regular property taxes available under the last sentence of
28 RCW 84.52.043(1) may levy taxes under this section for up to ten
29 consecutive years to be used for transportation purposes if authorized
30 by a majority of the voters of the city or town voting on a ballot
31 proposition authorizing the levies. The combined additional levies of
32 any city or town under this subsection and the last sentence of RCW
33 84.52.043(1) may not exceed fifty cents per thousand dollars of
34 assessed valuation. If a county in which the city or town is located
35 imposes a tax under subsections (1) through (3) of this section, a levy
36 by a city or town authorized under this subsection shall be reduced or
37 eliminated so that the combined rates of these levies shall not exceed
38 fifty cents per thousand dollars of assessed valuation in any area
39 within the county.

1 (5) The limitations in RCW 84.52.043 shall not apply to the tax
2 (~~levy~~) levies authorized in this section.

3 **Sec. 5.** RCW 84.52.120 and 1995 c 99 s 1 are each amended to read
4 as follows:

5 A metropolitan park district with a population of one hundred fifty
6 thousand or more may submit a ballot proposition to voters of the
7 district authorizing the protection of the district's tax levy from
8 prorationing under RCW 84.52.010(2) by imposing all or any portion of
9 the district's twenty-five cent per thousand dollars of assessed
10 valuation tax levy outside of the five dollar and ninety cent per
11 thousand dollar of assessed valuation limitation established under RCW
12 84.52.043(2), if those taxes otherwise would be prorated under RCW
13 84.52.010(2)(~~(e)~~) (d), for taxes imposed in any year on or before the
14 first day of January six years after the ballot proposition is
15 approved. A simple majority vote of voters voting on the proposition
16 is required for approval.

17 **Sec. 6.** RCW 82.80.060 and 1991 c 141 s 3 are each amended to read
18 as follows:

19 The city or town electing to own, construct, maintain, operate, and
20 preserve its streets and related facilities as a utility under this
21 chapter may finance the construction, operation, maintenance, and
22 preservation through local improvement districts, utility local
23 improvement districts, or with proceeds from general obligation bonds
24 and revenue bonds payable from the charges issued in accordance with
25 chapter 35.41, 35.92, or 39.46 RCW, or any combination thereof. The
26 city or town may use(~~(, in addition to the charges authorized by RCW~~
27 ~~82.80.050,)~~) funds from general taxation, money received from the
28 federal, state, or other local governments, and other funds made
29 available to it. (~~The proceeds of the charges authorized by RCW~~
30 ~~82.80.050 shall be used strictly for transportation purposes in~~
31 ~~accordance with this chapter and RCW 82.80.070.)~~)

32 **Sec. 7.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to read
33 as follows:

34 (1) The proceeds collected pursuant to the exercise of the local
35 option authority of RCW 82.80.010, 82.80.020, and 82.80.030(~~(, and~~
36 ~~82.80.050—(hereafter))~~), called in this section "local option

1 transportation revenues, "((+)) shall be used for transportation
2 purposes only, including but not limited to the following: The
3 operation and preservation of roads, streets, and other transportation
4 improvements; new construction, reconstruction, and expansion of city
5 streets, county roads, and state highways and other transportation
6 improvements; development and implementation of public transportation
7 and high-capacity transit improvements and programs; and planning,
8 design, and acquisition of right of way and sites for such
9 transportation purposes. The proceeds collected from excise taxes on
10 the sale, distribution, or use of motor vehicle fuel and special fuel
11 under RCW 82.80.010 shall be used exclusively for "highway purposes" as
12 that term is construed in Article II, section 40 of the state
13 Constitution.

14 (2) The local option transportation revenues shall be expended for
15 transportation uses consistent with the adopted transportation and land
16 use plans of the jurisdiction expending the funds and consistent with
17 any applicable and adopted regional transportation plan for
18 metropolitan planning areas.

19 (3) Each local government with a population greater than eight
20 thousand that levies or expends local option transportation funds, is
21 also required to develop and adopt a specific transportation program
22 that contains the following elements:

23 (a) The program shall identify the geographic boundaries of the
24 entire area or areas within which local option transportation revenues
25 will be levied and expended.

26 (b) The program shall be based on an adopted transportation plan
27 for the geographic areas covered and shall identify the proposed
28 operation and construction of transportation improvements and services
29 in the designated plan area intended to be funded in whole or in part
30 by local option transportation revenues and shall identify the annual
31 costs applicable to the program.

32 (c) The program shall indicate how the local transportation plan is
33 coordinated with applicable transportation plans for the region and for
34 adjacent jurisdictions.

35 (d) The program shall include at least a six-year funding plan,
36 updated annually, identifying the specific public and private sources
37 and amounts of revenue necessary to fund the program. The program
38 shall include a proposed schedule for construction of projects and
39 expenditure of revenues. The funding plan shall consider the

1 additional local tax revenue estimated to be generated by new
2 development within the plan area if all or a portion of the additional
3 revenue is proposed to be earmarked as future appropriations for
4 transportation improvements in the program.

5 (4) Local governments with a population greater than eight thousand
6 exercising the authority for local option transportation funds shall
7 periodically review and update their transportation program to ensure
8 that it is consistent with applicable local and regional transportation
9 and land use plans and within the means of estimated public and private
10 revenue available.

11 (5) In the case of expenditure for new or expanded transportation
12 facilities, improvements, and services, priorities in the use of local
13 option transportation revenues shall be identified in the
14 transportation program and expenditures shall be made based upon the
15 following criteria, which are stated in descending order of weight to
16 be attributed:

17 (a) First, the project serves a multijurisdictional function;

18 (b) Second, it is necessitated by existing or reasonably
19 foreseeable congestion;

20 (c) Third, it has the greatest person-carrying capacity;

21 (d) Fourth, it is partially funded by other government funds, such
22 as from the state transportation improvement board, or by private
23 sector contributions, such as those from the local transportation act,
24 chapter 39.92 RCW; and

25 (e) Fifth, it meets such other criteria as the local government
26 determines is appropriate.

27 (6) It is the intent of the legislature that as a condition of
28 levying, receiving, and expending local option transportation revenues,
29 no local government agency use the revenues to replace, divert, or loan
30 any revenues currently being used for transportation purposes to
31 nontransportation purposes. The association of Washington cities and
32 the Washington state association of counties, in consultation with the
33 legislative transportation committee, shall study the issue of
34 nondiversion and make recommendations to the legislative transportation
35 committee for language implementing the intent of this section by
36 December 1, 1990.

37 (7) Local governments are encouraged to enter into interlocal
38 agreements to jointly develop and adopt with other local governments

1 the transportation programs required by this section for the purpose of
2 accomplishing regional transportation planning and development.

3 (8) Local governments may use all or a part of the local option
4 transportation revenues for the amortization of local government
5 general obligation and revenue bonds issued for transportation purposes
6 consistent with the requirements of this section.

7 NEW SECTION. **Sec. 8.** RCW 82.80.050 and 1991 c 141 s 2 are each
8 repealed.

9 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
10 preservation of the public peace, health, or safety, or support of the
11 state government and its existing public institutions, and shall take
12 effect immediately.

--- END ---