

1 AN ACT Relating to the collection of certain taxes and fees as a  
2 result of a high capacity transit system approved by the voters of a  
3 regional transit authority in 2016; amending RCW 82.44.135 and  
4 81.112.360; adding a new section to chapter 82.44 RCW; adding new  
5 sections to chapter 81.112 RCW; creating a new section; and declaring  
6 an emergency.

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

8 **Sec. 1.** RCW 82.44.135 and 2006 c 318 s 9 are each amended to  
9 read as follows:

10 (1) Before a local government subject to this chapter may impose  
11 a motor vehicle excise tax, the local government must contract with  
12 the department for the collection of the tax. Except as otherwise  
13 provided in this section, the department may charge a reasonable  
14 amount, not to exceed one percent of tax collections, for the  
15 administration and collection of the tax.

16 (2) Any contract entered into with a regional transit authority  
17 for the collection of a motor vehicle excise tax must provide that  
18 the department receives full reimbursement for the administration and  
19 collection of the tax, including those costs related to customer  
20 service and information technology.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.44  
2    RCW to read as follows:

3        If the department enters into a contract with a regional transit  
4    authority for the collection of a motor vehicle excise tax authorized  
5    in RCW 81.104.160(1), and after the regional transit authority  
6    implements a market value adjustment program as directed in section 3  
7    of this act, the department must clearly indicate, when issuing  
8    notices to persons renewing vehicle registrations under RCW  
9    46.16A.110, the net result after application of the credit. The  
10   department must include as part of the notices an insert that  
11   provides a description of the market value adjustment program and how  
12   it affects taxpayers generally.

13       NEW SECTION.    **Sec. 3.**    A new section is added to chapter 81.112  
14    RCW to read as follows:

15        (1) A regional transit authority that includes portions of a  
16    county with a population of more than one million five hundred  
17    thousand and that imposes a motor vehicle excise tax under RCW  
18    81.104.160(1) must establish a market value adjustment program to be  
19    implemented for vehicles with registrations that are due or become  
20    due on or after September 1, 2018.

21        (2) Under the market value adjustment program, the authority must  
22    provide a credit against the motor vehicle excise tax due in an  
23    amount equal to the tax due under RCW 81.104.160(1) calculated using  
24    the vehicle valuation methodology authorized under RCW 81.104.160(1),  
25    less the tax otherwise due calculated using the vehicle valuation  
26    schedule of percentages in RCW 82.44.035, as applied to eighty-five  
27    percent of the value of the vehicle, if the resulting difference is  
28    positive.

29        (3) The program may be funded by any resources available to the  
30    authority including, but not limited to:

- 31        (a) Unrestricted tax proceeds or other revenues; and  
32        (b) Savings from the delivery of projects.

33        (4)(a) The program must be implemented in a manner that allows  
34    the delivery of the system and financing plan approved by the  
35    authority's voters in 2016 to the extent practicable. Building on  
36    past and ongoing cost-savings efforts, the agency must continue to  
37    evaluate measures that may be needed to reduce costs. These measures  
38    include, but are not limited to:

1 (i) Designing projects using the principles of practical design,  
2 as described for use by the department of transportation under RCW  
3 47.01.480;

4 (ii) Efficiencies realized in coordinating and integrating  
5 activities with other transit agencies and local governments,  
6 including through shared maintenance and operations, joint  
7 procurement, joint marketing, joint customer services, and joint  
8 capital projects; and

9 (iii) Revising project contingency budgets, if practicable.

10 (b) If, when implementing the program, the authority is not able  
11 to deliver projects according to the system and financing plan  
12 approved by the authority's voters in 2016, the authority must  
13 identify savings and cost reductions, first, from projects other than  
14 light rail projects and bus rapid transit projects, and second, from  
15 light rail projects and bus rapid transit projects.

16 (5) Until the plan has been completed, the authority must submit  
17 an annual report to the transportation committees of the legislature  
18 by December 31st of each year on the status of the delivery of the  
19 plan. The report must include detail on the extent to and manner in  
20 which the authority has used cost savings to maintain the delivery of  
21 the plan as approved by the voters.

22 (6) The department of licensing is authorized to make rules to  
23 implement this section.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 81.112  
25 RCW to read as follows:

26 (1) Beginning July 1, 2019, and continuing through the end of  
27 June 2020, the authority must allow an additional one-time credit  
28 against the motor vehicle excise tax due with respect to any vehicle  
29 for which the 0.8 percent tax in RCW 81.104.160(1) was paid before  
30 September 1, 2018. The one-time credit amount on the 0.8 percent tax  
31 paid before September 1, 2018, must be calculated using the market  
32 value adjustment program credit methodology in section 3 of this act,  
33 except that the total amount of credit applied under this section and  
34 section 3 of this act may not exceed the current motor vehicle excise  
35 tax liability with respect to the vehicle. The authority may develop  
36 a system for issuing one-time credits in consultation with the  
37 department of licensing.

38 (2) The department of licensing is authorized to make rules to  
39 implement this section.

1       **Sec. 5.** RCW 81.112.360 and 2015 3rd sp.s. c 44 s 422 are each  
2 amended to read as follows:

3       (1) (~~Beginning January 1, 2017~~) After a regional transit  
4 authority adopts a resolution affirming that payment of a sales and  
5 use tax offset fee will not impact delivery of a regional transit  
6 system plan approved by voters in 2016, and until the requirements in  
7 subsection ~~((4))~~ (3) of this section are met, ~~((a))~~ the regional  
8 transit authority must pay to the department of revenue, for deposit  
9 into the Puget Sound taxpayer accountability account, a sales and use  
10 tax offset fee.

11       (2) A sales and use tax offset fee is three and twenty-five one-  
12 hundredths percent of the total payments made by the regional transit  
13 authority to construction contractors on construction contracts that  
14 are (a) for new projects identified in the system plan funded by any  
15 proposition approved by voters after January 1, 2015, and (b)  
16 excluded from the definition of retail sale under RCW 82.04.050(10).

17       ~~(3) ((Fees are due monthly by the twenty fifth day of the month,~~  
18 ~~with respect to payments made to construction contractors during the~~  
19 ~~previous month.~~

20       ~~(4))~~ A sales and use tax offset fee is due until the regional  
21 transit authority has paid five hundred eighteen million dollars in  
22 payments over a period of no more than five years.

23       ~~((5))~~ (4) Except as otherwise provided in this section, the  
24 provisions of chapter 82.32 RCW apply to this section.

25       ~~((6))~~ (5) The department of revenue must oversee the collection  
26 of the sales and use tax offset fee and may adopt rules necessary to  
27 implement this section.

28       NEW SECTION.   **Sec. 6.** If any provision of this act or its  
29 application to any person or circumstance is held invalid, the  
30 remainder of the act or the application of the provision to other  
31 persons or circumstances is not affected.

32       NEW SECTION.   **Sec. 7.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of  
34 the state government and its existing public institutions, and takes  
35 effect immediately.

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