Transportation Budget

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State Budgeting Overview

The Legislature makes its biennial appropriations in three budget bills.

OPERATING BUDGET

Purpose:

- Pays for the day-to-day operating expenses of state government, including the expenses of state agencies, colleges and universities, public schools, and other state programs.
- The General Fund portion of the operating budget pays the principle and interest on bonds sold to finance the capital budget.

Source:

- About half of the operating budget is financed through the State General Fund. The General Fund receives its revenues from retail sales tax (48%), business and occupation tax (19%), and property taxes (13%).
- The remainder of the operating budget comes from use taxes, real estate excise taxes, public utility taxes, and from federal and other funding sources.

CAPITAL BUDGET

Purpose:

- Pays for the acquisition and maintenance of state buildings, public schools, higher education facilities, prisons, public lands, parks, and other capital facilities.
- The capital budget often includes reappropriations for projects funded in a prior biennium but not fully completed within that timeframe.

Source:

- About half of the capital budget is financed by state-issued bonds. The debt service on the bonds is paid primarily by the operating budget. Debt service is limited by the State Constitution to no more than 9% of general state revenues.
- The remainder of the capital budget is financed from dedicated accounts, trust revenue, and other state funding sources.

TRANSPORTATION BUDGET

Purpose:

- Pays for transportation operating and capital costs, such as maintaining, preserving, and improving the highway system; operating ferries; motor vehicle registration; and enforcing traffic laws on the state highway system. For the 2009-11 biennium, capital program appropriations represent $5.7 billion of the transportation budget, and operating programs total $2.9 billion.

Source:

- The primary sources of funding for the 2009-11 transportation budget are bonds (29%), motor vehicle fuel tax (28%), federal funds (22%), license, permits and fees (10%), ferry fares (3%), and other sources.

Transportation Budget Overview

The transportation budget appropriates operating *and* capital funding to agencies that provide a wide variety of transportation functions and services. The major agencies include the Department of Transportation (WSDOT), the Department of Licensing (DOL), and the Washington State Patrol (WSP). Many smaller transportation agencies and committees are also funded through the transportation budget including the Transportation Improvement Board (TIB), County Road Administration Board (CRAB), Traffic Safety Commission, and the Joint Transportation Committee.

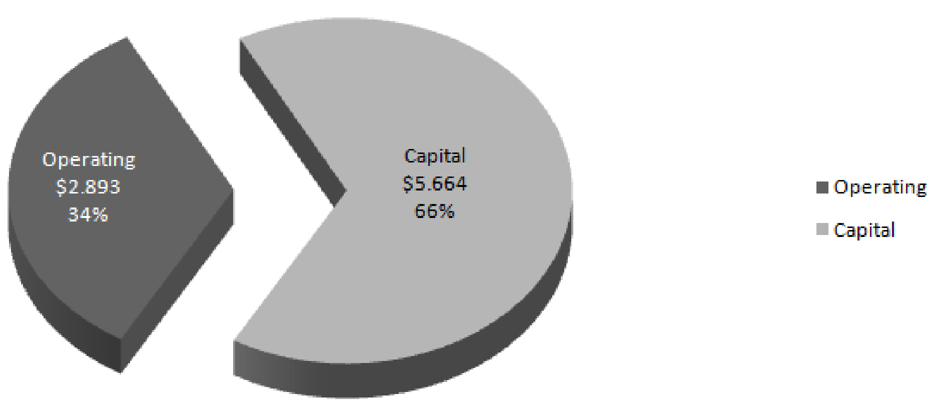
Total appropriations in the 2009-11 transportation budget, including the changes made in the 2010 Supplemental, are $8.6 billion. Of that amount, 66% is for capital purposes and 34% is for operating purposes.

In the larger agencies, such as the Department of Transportation and the State Patrol, funding is appropriated by program. Programs are a defined set of activities within an agency. In cases where programs have both operating and capital elements, separate appropriations are made for the operating and capital components.

- Operating programs are the day-to-day expenses of running an agency or program including salaries, benefits, and goods and services such as supplies and fuel.
- Capital programs are projects that are longer lived including construction of roads, buildings, ferry terminals, and building or refurbishing vessels.

2009-11 Transportation Funding
(as adjusted by the 2010 Supplemental Budget)

$8.6 Billion



Transportation Operating Budget

Of the total transportation operating budget the major expenditure categories are shown below. Three-quarters of the operating budget is accounted for by five programs and agencies: payment of bond debt, the ferry system, Washington State Patrol, highway maintenance, and the Department of Licensing.

Agency/Program	**Dollars (1000s)**	**Share of budget**
Bond Retirement and Interest	$824,465	29%
DOT - WA State Ferries	$425,922	15%
DOT - Highway Maintenance	$360,442	12%
Washington State Patrol	$352,446	12%
Department of Licensing	$236,082	8%
DOT - Public Transportation	$134,539	5%
DOT - Charges from Other Agencies	$88,292	3%
DOT - Information Technology	$74,604	3%
DOT - Toll Op & Maint-Op	$60,100	2%
DOT- Traffic Operations	$53,305	2%
DOT - Transpo Plan, Data & Research	$52,433	2%
DOT - Pgm Delivery Mgmt & Suppt	$47,656	2%
WA Traffic Safety Commission	$40,552	1%
DOT - Rail	$37,371	1%
DOT - Transportation Management	$29,733	1%
DOT - Facilities-Operating	$25,292	1%
DOT - Local Programs-Operating	$11,166	0.4%
DOT - Aviation	$8,110	0.3%

Transportation Capital Budget

Of the total transportation capital budget the major expenditure categories are shown below. The "mobility" category accounts for more than half of the transportation capital budget and includes congestion relief projects for vehicle mobility as well as projects for bike and pedestrian mobility. The "structures" category principally includes bridge preservation projects, while the "roadway" category principally includes paving and striping projects.

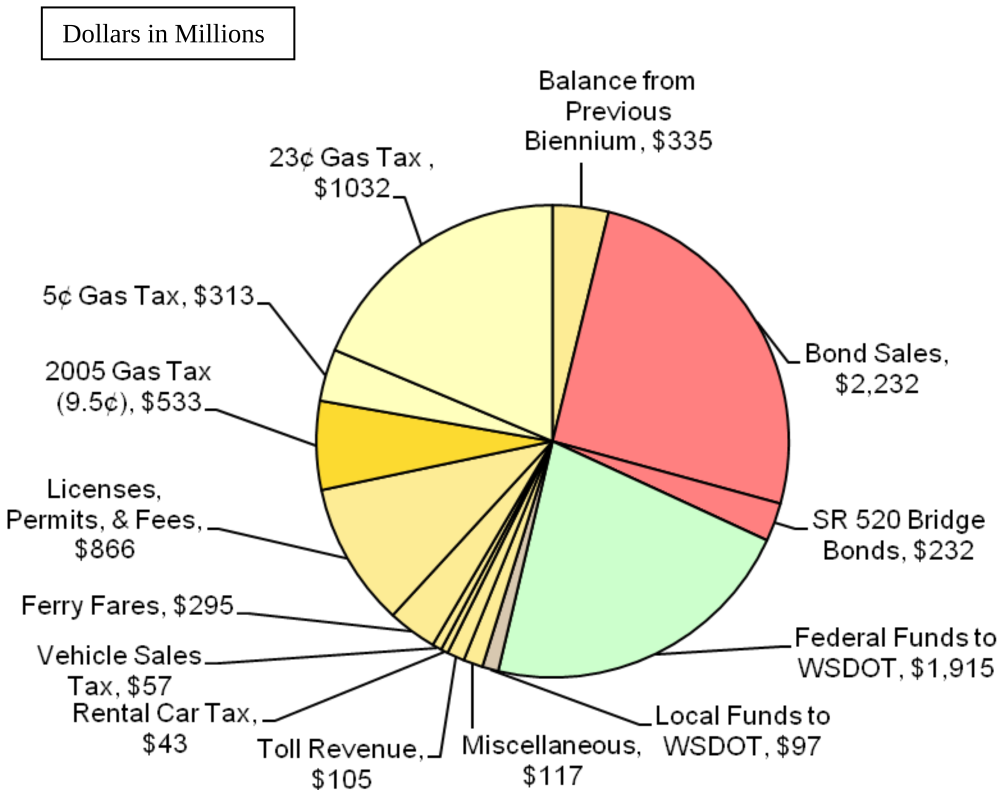
Agency/Program	Dollars (1000s)	Share of budget
DOT - Improvements - Mobility	$ 2,857,013	50%
DOT - Preservation - Structures	$ 362,388	6%
DOT - Preservation - Roadway	$ 345,996	6%
DOT - Improvements - Safety	$ 281,503	5%
WA State Ferries	$ 306,150	5%
Transportation Improvement Board	$ 209,470	4%
County Road Administration Board	$ 105,448	2%

Revenue Sources for the Transportation Budget

The revenues available for transportation purposes may be classified into four categories: state funds (including taxes and fees), bonds, federal funds, and local funds. These funds are appropriated through the transportation budget. Amounts distributed by statute directly to cities and counties are not appropriated through the budget (and are not included in chart totals). The sources of transportation funds are displayed in the pie graph below and are estimated at $8.2 billion for the 2009-11 biennium.

2009-11 Transportation Funding (Based on 2010 Supplemental Budget/Forecast)

$8.8 Billion



<u>Gas Tax</u>

Washington State has a 37.5 cent per gallon gas tax on gasoline and diesel fuels as of July 1, 2008.

Prior to 2003, the last gas tax increase was approved by the Legislature in 1991. In 1990, the tax was increased by four cents; in 1991 the tax was increased by an additional penny. In 2003 and again in 2005, the Legislature enacted gas tax increases as part of the Nickel package and the Transportation Partnership Act.

- **The Nickel Package:** The 2003 Legislature adopted a ten-year transportation revenue package of $4.2 billion, of which $3.6 billion were funds restricted to highway purposes and $600 million were flexible funds.

Known as the "Nickel" package, the 2003 finance package included:

- 5 cent increase of the gas tax;
- 15 percent increase in weight fees;
- three tenths of one percent increase in the sales tax on cars; and
- increase of the license plate retention fee to $20.

At the time of passage, the 2003 Nickel package funded $3.7 billion in highway improvements and $475 million in program increases for non-highway purposes.

Funding for activities eligible for 18th amendment funds included:

- $3 billion for congestion relief projects, of which $700 million were for high-occupancy vehicle lane improvements;
- $211 for safety projects, most of which was for design, right-of-way acquisition, and environmental compliance for the Alaskan Way Viaduct replacement project;
- $145 million for preservation; and,
- approximately $300 million for ferry system improvements.

Funding for non-highway purposes included:

- $236 million in public transportation investments
  - $30 million increase in the commute trip reduction tax credit;
  - $30 million for new van pools;
  - $75 million for rural transit agency grants; and,
  - $98 million for special needs transportation grants to transit agencies and private non-profit transit service providers.

- **The Transportation Partnership Package:** In 2005, the Legislature enacted the Transportation Partnership Act (TPA) to continue to address the significant transportation needs of the state, including the replacement of major facilities such as the SR 520 Bridge and the Alaskan Way Viaduct (AWV). The TPA funding package was estimated to raise $8.5 billion over a 16-year period, including a 9.5 cent gas tax increase phased in over four years and vehicle weight fees on cars, light trucks, and SUVs. Of the estimated total, $7.1 billion must be spent on highway purposes and $1.4 billion are flexible funds which may be used for non-highway purposes.

  Funding for activities eligible for 18th amendment funds totaled an estimated $7.7 billion and included:

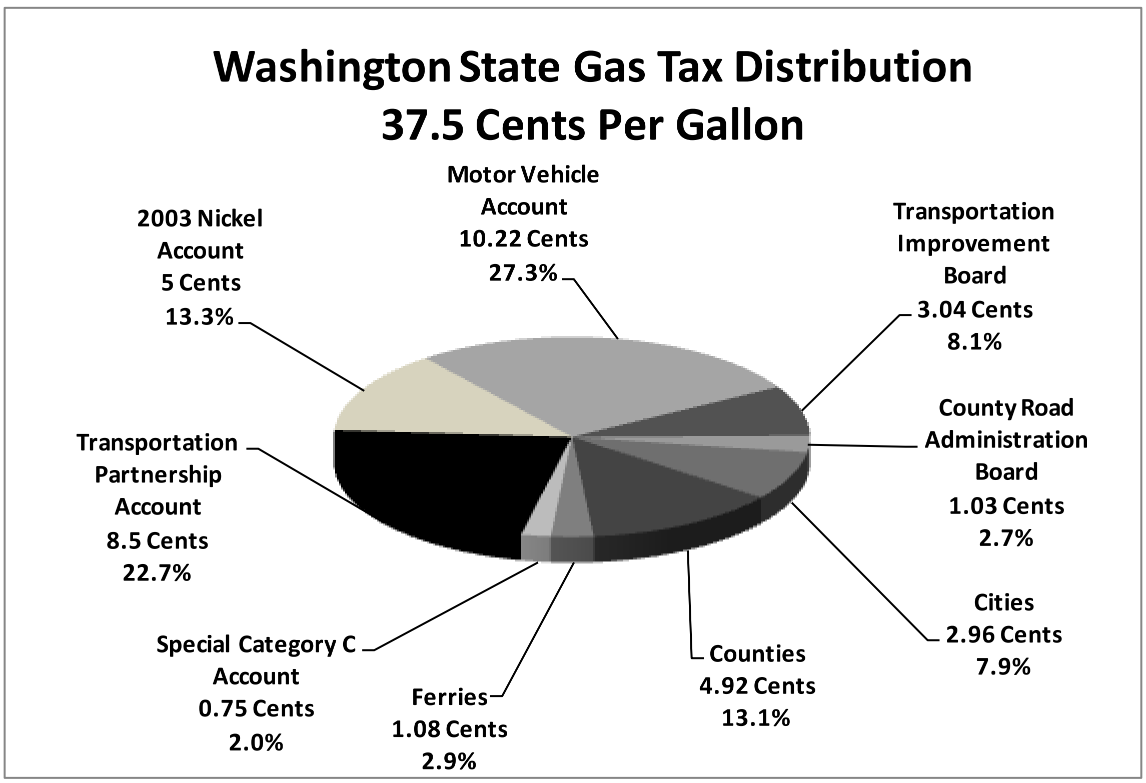
  - $2 billion for replacement of the Alaskan Way Viaduct and seawall;
  - $500 million for replacement of the SR 520 Bridge;
  - Almost $3 billion for congestion relief, including $972 million for I-405 improvements;
  - $678 million for bridge replacement, seismic retrofit of bridges, and other safety projects;
  - $80 million for local grant programs (TIB, CRAB);
  - $185 million for ferry investments, including $67 million for an additional vessel;
  - $523 million for local and state freight mobility projects; and,
  - $108 million for environmental mitigation projects.

Funding for non-highway purposes totaled $680 million and included:

- $340 million for regional transit grants and the Office of Transit Mobility;
- An additional $55 million for special needs transit grants;
- $58 million for pedestrian safety grants, including Safe Routes to Schools and Safe Routes to Transit;
- An additional $12 million for the Commute Trip Reduction tax credit program;
- $95 million in passenger rail investments; and,
- $120 million in freight rail investments.

Distribution of the 37.5¢ Gas Tax ($2.5 billion)

- 11.95 cents is distributed to local governments, either directly or through grants distributed by the Transportation Improvement Board and the County Road Administration Board.
- The remaining 25.55 cents is retained by the state and appropriated in the transportation budget.



- **Motor Vehicle Account/State Highway Program**– 10.21 cents deposited into the Motor Vehicle Account. Primarily used for state highway related expenditures.
- **Special Category C -** 0.75 cents deposited into the Motor Vehicle Account for high-cost highway projects.
- **Ferry Capital -** 0.55 cents deposited into the Puget Sound Capital Construction Account for the construction and maintenance of the state's ferries and terminals.
- **Ferry Operations -** 0.54 cents deposited into the Puget Sound Ferry Operations Account for the operation of the state ferry system.
- **Transportation 2003 (Nickel) Account** – 5 cents deposited into the Transportation 2003 (Nickel) Account for designated projects. This amount will expire when the projects are completed and the bonds associated with this revenue stream are retired.
- **Transportation Partnership Account 2005 (TPA)** – 9.5 cents deposited into the Transportation Partnership Account for designated projects. 1 cent of the 9.5 cents is distributed directly to cities (1/2) and counties (1/2).
- **Cities** – 2.96 cents distributed directly to cities based on population, for construction, maintenance, and policing of city streets.
- **Counties** – 4.92 cents distributed directly to counties for construction, maintenance, and policing of county roads. Of this amount, 10% is evenly distributed, 30% by population, 30% based on annual road costs, and 30% based on needs for construction and maintenance.

- **Transportation Improvement Board**
  - Urban Arterial Trust Account – 1.74 cents distributed by the Transportation Improvement Board through grants for the Arterial Improvement Program, Small City Program, Pedestrian and Mobility Program, and the City Hardship Assistance Program.
  - Transportation Improvement Account – 1.30 cents distributed by the Transportation Improvement Board as grants for congestion projects in cities with populations greater than 5,000.
- **County Road Administration Board**
  - **Rural Arterial Program -** .58 cents deposited into the Rural Arterial Trust Account. The account is administered by the County Road Administration Board and the funds are distributed to counties as grants for construction and reconstruction of rural arterials.
  - **County Arterial Preservation Program -** .45 cent deposited in the County Arterial Preservation Account distributed by the County Road Administration Board for structural integrity and safety of county arterials.

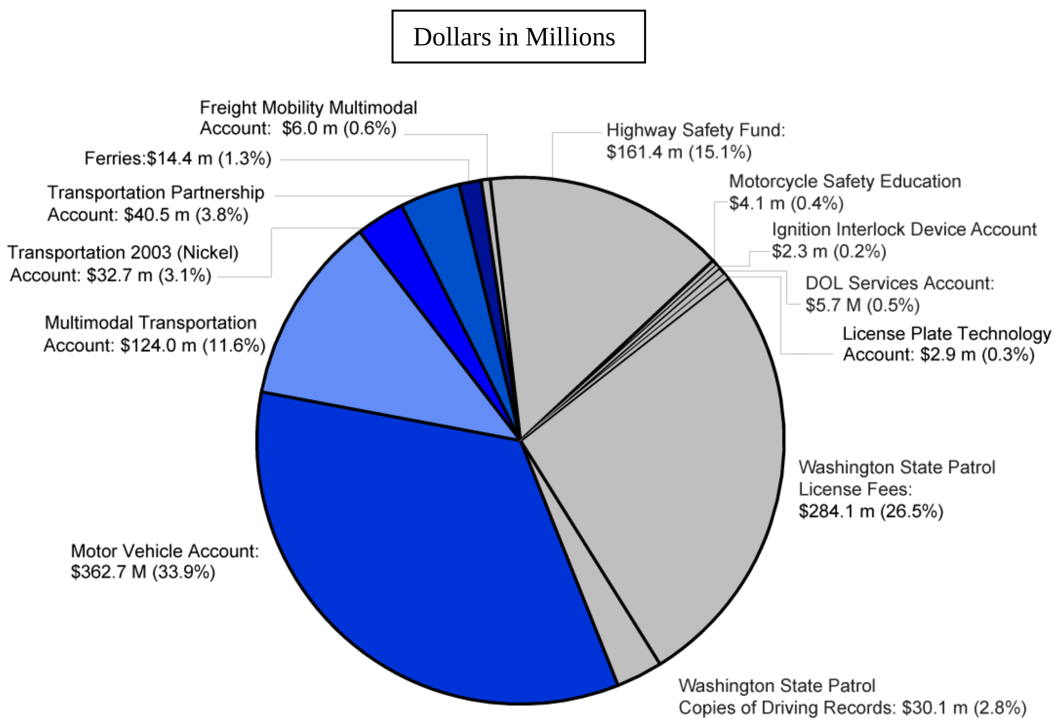
Licenses, Permits and Fees

Licenses, permits, and fee revenues are primarily generated from the $30 vehicle license fee and the combined license fee paid by trucks (commonly called the gross weight fee). Other fees include title fees, vehicle inspection fees, and special permit fees.

In 2003, the gross weight fee was increased 15%. Other licensing fees were used to pay for programs to retrofit school buses to reduce pollution and for the Neah Bay rescue tug to respond to disabled vessels in the Strait of Juan de Fuca.

Licenses, permits, and fees are the second largest source of state funds for transportation, and are distributed as follows:

License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2009–11 biennium: $1,071.0 million



LPF and Driver Related Revenue Distribution based on the November 2010 Transportation Revenue Forecast

Components may not add due to rounding

- **Ferry Fares**
  Ferry passengers pay a toll (fare). The fares vary significantly for different routes and seasons. Currently, the fares cover approximately 76% of state ferry operating costs. Ferry fares for the 2009-11 biennium are estimated at $295 million.

- **Vehicle License Fees**

  This fee is the annual registration fee for cars, motorcycles, travel trailers, trailers and motor homes. The $30 license fee is distributed to the State Patrol Highway Account ($20.35 for each renewal and original), to the Puget Sound Ferry Operating Account (2.02 for originals and $.93 for renewals), with the remainder being distributed to the Motor Vehicle Account.

  The combined licensing fee collected from trucks is based on gross weight. This fee is distributed to the State Patrol Highway Account (22.36%), Puget Sound Ferry Operations Account (1.375%), Nickel Account (5.237%), Transportation Partnership Account (11.533%) and the Motor Vehicle Account (59.495%).

  In 2005, a new passenger vehicle weight fee was established. These fees are distributed to the Multimodal Account, however, $6 million per biennium is transferred to the Freight Mobility Multimodal Account and $5 million per biennium is transferred to the Transportation Infrastructure Account for rail projects.

  In 2005,the combined licensing fee for trucks under 8,000 pounds was increased. The first $6 million each biennium is distributed to the Freight Mobility Investment Account, the remainder is distributed to the Transportation Partnership Account.

  In 2005, a $75 annual motor home weight fee was also imposed and is distributed to the Multimodal Account.

- **Driver Licenses**

  The Department of Licensing collects fees to cover costs associated with licensing drivers. In recent years, a portion of these funds have been transferred to other accounts. The fees that generate the greatest amount of revenue are driver license fees and the sale of drivers abstracts. Other license fees include motorcycle and commercial drivers' license endorsements.

- **Vehicle Sales Tax**

  The 2003 new revenue legislation created a 0.3% sales tax on used vehicle purchases. These revenues, along with the rental car sales tax, generate most of the funds used for non-highway purposes.

- **Rental Car Sales Tax**

  Washington State has a 5.9% sales tax on rental cars. In terms of flexible revenue sources, the rental car tax is the second largest contributor to the Multimodal Transportation Account.

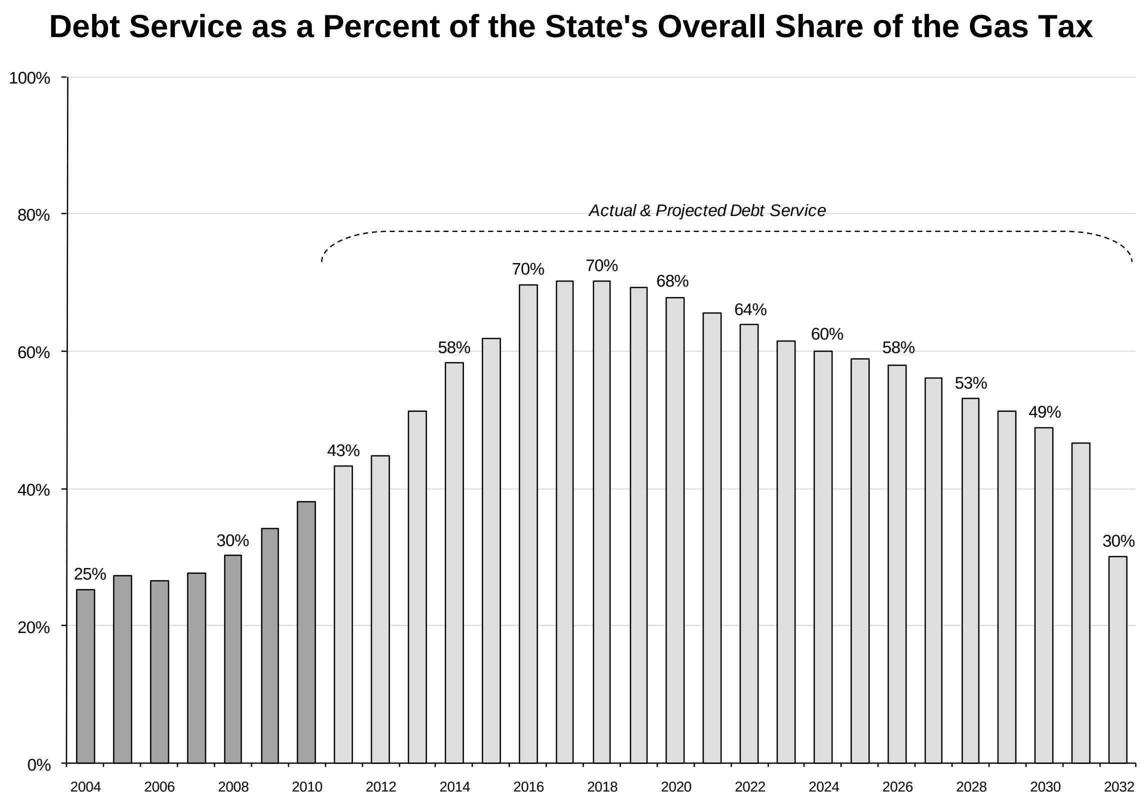
- **Other Revenue**

  Other revenue sources include interest earnings on fund balances, aircraft fuel taxes, ferry concessions, speeding fines in school zones, sales of Department of Transportation right-of-ways, and transfers from existing fund balances.

Bonds

- Initially, cash was used to pay for transportation improvements. During and after the depression, however, public debt was incurred for highway construction projects.
- Debt financing increased or decreased, depending on the availability of tax revenues and the magnitude of needed improvements.
- Transportation bonds are ultimately backed by the full faith and credit of the state (general obligation) but have other sources of repayment that constitute the primary source for debt service. Highway bonds are first backed by gas tax revenues and are exempt from statutory or constitutional debt limits.
- In 2003, $2.6 billion in bonds were authorized for transportation 2003 projects backed by a five cent increase in the gas tax. Also in 2003, $349 million in bonds were authorized and were backed by revenues from the Transportation Multi-Modal Account. These multi-modal account bonds are subject to the state's debt limit.
- In 2005, $5.1 billion in bonds were authorized for sale to provide funds for the location, design, right of way, and construction of selected projects and improvements identified as 2005 Transportation Partnership Projects. These bonds were backed from revenues from a phased-in 9.5 cent per gallon gas tax increase.
- In 2007, The bond authorization for Special Category C improvements was increased from $330 million to $600 million. The bond authorization for Transportation 2003 projects was increased from $2.6 billion to $3.2 billion, and the bond authorization for Transportation 2005 projects was increased from $5.1 billion to $5.3 billion. The bond authorization for urban arterials was also increased by $50 million.

The chart below illustrates the increasing amount of debt service as a percent of the state portion of the gas tax. The debt service peaks around 70% of total state gas tax revenues in 2016-18.



Federal Funding

- The Transportation Equity Act for the 21st Century (TEA-21). TEA-21 provided six years' (Federal Fiscal Years 1998-2003) of federal funding for highways, bridges, highway safety, mass transportation (including transit, rail, air, ferry systems), transportation enhancements (e.g., bicycle/pedestrian facilities), and environmental issues. Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) preceded TEA-21.
- The current law containing the Federal six-year appropriation was signed by the President on August 10, 2005, and is known as the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU). The act reauthorized federal surface transportation programs through the end of Federal Fiscal Year 2009.
- In addition to earmarks, federal funding comes to Washington through a number of programs. *(See Federal Funding section for program details)*.

Transportation Budget Process

- Each summer transportation agencies prepare budget submittals per instructions from the Office of Financial Management (OFM). In even numbered years the agencies are preparing for the upcoming biennial budgets and in odd numbered years they are preparing for the first supplemental budget.
- The Governor submits a biennial transportation budget to the Legislature, which contains proposed expenditures for each of the transportation agencies.
- Each year the Governor's budget is introduced in both the House and Senate but, by tradition, the House and Senate alternate each biennium in initiating the passage of the budget. In 2011, the House will initiate the budget. It is also traditional that the budget release occurs shortly after the Spring revenue forecast. In odd numbered years, the forecast is released in mid-March, in even numbered (supplemental) years, the forecast occurs in February.
- After the Governor's budget is introduced and referred to the House or Senate Transportation Committee, the following typically occurs:
  - The Governor's budget office presents the Governor's budget recommendations
  - Agencies present their budget requests to the committee
  - Public hearing(s) are held
  - Work sessions are held to provide members an opportunity to debate issues, ask questions, explore issues, and develop potential amendments to the budget
  - An executive session is held when the members are ready to vote on the budget, including all of the proposed amendments
- After the budget bill is passed out of the transportation committee it is sent to the full House or Senate body for consideration.
- The Rules Committee has responsibility for scheduling the hearing of the budget bill (and all others) on the floor of the House or Senate.
- After the Rules Committee places the budget on the legislative calendar for an introductory reading, it is placed on the Second Reading calendar.
- Once the bill is on the Second Reading calendar, any member of the legislative body can offer amendments.
- A simple majority vote is required for Final Passage (called Third Reading). (A 60% vote of both houses is required for Final Passage of bond authorization bills.)
- If passed, the budget bill goes to the opposite legislative body where the entire process is repeated.
- Usually the budget bill passed by one legislative body is not identical to that passed by the other. If neither House nor Senate is willing to accept the other's version, differences are often resolved by appointing members from each legislative body to a Conference Committee.
- A simple majority vote by each legislative body is then necessary for adoption of the Conference version of the budget. Amendments to the Conference version are not permitted.
- The budget, as adopted, is then sent to the Governor’s Office for signature and enactment. The Governor may veto all or portions of the budget bill.

Miscellaneous Budget Information

- The state operates on a biennial basis starting July 1 of each odd-numbered year. The federal government budgets for one year at a time, with a fiscal year that starts on October 1. Local governments generally have annual budgets based on the calendar year.
- Appropriation sections in budget bills are not codified (i.e., are not incorporated into the Revised Code of Washington, or RCW). Language in these sections lapses at the end of the biennium that it addresses. Codified law may be modified in an appropriations bill if the total section of law is set forth.
- Expenditure authority of agencies is limited by funding levels and proviso language included in budget legislation.
- Non-budget bills may also contain appropriations.
- The Governor is required to propose the biennial budget to the Legislature by December 20 preceding the budget session. Supplemental budgets are required to be submitted not less than 20 days prior to session.
- The Governor may veto whole sections of the budget bill or individual appropriation items within a section.
- A biennial budget may be amended during the biennium it addresses in a supplemental budget bill. Supplemental budgets are commonly adopted in each of the two sessions that occur during a biennium.
- During the legislative session, budgets and bills required to complete the budget are exempt from the normal cutoff dates. Several days are generally provided after the cutoffs to deal with budget matters.
- Bills authorizing the sale of bonds require a 60% vote for Final Passage. A simple majority is required on all prior votes and in committee.
- While there are separate operating and capital budgets for general government, the transportation budget addresses both operating and capital expenditures for transportation agencies.
- A large number of transportation capital appropriations are made on a programmatic basis, that is, the appropriations are provided from agency management based on statutory priorities. The Department of Transportation, the Transportation Improvement Board, and the County Road Administration Board determine projects based on priority arrays developed according to statutory law. The Legislature typically provides funding for entire programs based on the priority array, but provides general direction by publishing project lists indicating its policy direction.
- Beginning with the 1990 transportation revenue increase, the Legislature has provided more project specific direction. In 1990, the Legislature established the Category C program which initially earmarked the additional portion of the gas tax dedicated to state projects to specific projects. Those revenues are now primarily dedicated to debt service for improvements on Seattle's First Avenue bridge, SR 18, and the Spokane N/S freeway.

- In 2002, the Legislature submitted Referendum 51 to the voters which asked for approval of new revenues for a specific set of highway and multimodal improvements. After the failure of Referendum 51, the Legislature subsequently passed the 2003 Transportation package that provided both highway and multi-modal revenues for a list of projects referred to in the budget.
- In 2005, the Legislature enacted the Transportation Partnership Account. Expenditures from this account must only be used for projects or improvements identified as 2005 transportation partnership projects or improvements in the omnibus transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements.

Recent Initiatives, Referenda, and Legal Decisions

Initiative 601 – Expenditure & Revenue Limitation

Background

In November 1993, Washington voters approved Initiative 601, which limits spending from the state's General Fund. I-601 also contains certain restrictions on tax and fee increases. The initiative is codified as Chapter 43.135 RCW.

Main Provisions

- Spending limits apply only to state General Fund

  The spending limits imposed by I-601 apply only to expenditures from the state General Fund. Transportation-related funds and accounts that do not reside within the state General Fund are not subject to the spending limits. Examples of such funds and accounts include the Motor Vehicle Fund (MVF) and the Transportation Fund (TF).

- State agencies restricted from increasing fees

  I-601 provides that fees may not be increased in any fiscal year by a percentage greater than the fiscal growth factor (reflecting population growth and inflation), unless the Legislature specifically authorizes the increase. No distinction is made between transportation-related fees and other government fees. Money charged by state government as penalties, fines, or forfeitures are not restricted by this provision.

- General tax increases are restricted, but gas tax increases are probably not subject to the same restrictions. The initiative is unclear how revenue restrictions may apply to non-General Fund revenues. I-601 requires a two-thirds vote of the Legislature for tax increases. However, the same clause also states that any new revenue generated by such a tax increase is subject to the state spending limit. Since the spending limit applies only to the General Fund, it could be argued that only tax increases flowing into the General Fund are subject to this limitation.

  The state's motor fuel taxes ("gas tax") are deposited into the Motor Vehicle Fund, which is a separate trust fund maintained solely for highway purposes, as required by Amendment 18 of the state Constitution. Since the gas tax is not deposited in the General Fund, it is unlikely that I-601's tax increase restrictions apply to the state gas tax. The same analysis applies to any revenue source that is required by Amendment 18 to be deposited in the Motor Vehicle Fund.

  To date, the only case involving the application of I-601 to transportation-related funds and accounts is <u>Western Petroleum Importers v. Friedt</u>. This case upheld the Legislature's action to revoke a tax break given to producers of gasohol. However, this case examined a specific voter-approval section of I-601 that expired in 1995.

Initiative 695 – MVET Repeal and Tax Restrictions

Background

In November 1998, Washington voters passed Referendum 49 restructuring the statewide MVET. Two of the main effects of Referendum 49 were to: 1) Reduce taxes by changing the depreciation schedule and (2) redirected 39.5% of MVET revenues from the state General Fund to the motor vehicle fund. The referendum also authorized $1.9 Billion in fuel tax bonds for transportation projects and programs.

The voters passed Initiative 695 on November 2, 1999 repealing the MVET and nullifying the effects of Referendum 49. The constitutionality of the Initiative was challenged and brought before King County Superior Court. On March 14, 2000, the court ruled that the Initiative, in its entirety, was unconstitutional.

In response to the court action, on March 22, 2000, the Legislature passed SB 6865 reinstating many of the provisions of the initiative (Chapter 1, 1st Special Session, Laws of 2000). The State Supreme Court affirmed the Superior Court decision on October 26, 2000.

SB 6865 repealed the remaining state MVET, the state travel trailer and camper excise tax, and the state clean air excise tax in their entirety. It also increased the annual vehicle registration fee (license tab fee) to $30 for passenger cars, cabs, motor homes, motorcycles, and tow trucks.

In the aggregate, I-695 reduced motor vehicle taxes and fees by up to $1.1 billion in the 1999-01 Biennium and by up to $1.7 billion in the 2001-03 Biennium. On an annual basis, I-695 reduced taxes and fees by an average of $142 per registered vehicle. Of this loss in revenue, approximately 45% is attributed to state government, 24% to local government and 31% to local transit districts.

Initiative 776 – High Capacity MVET Repeal and Local Tax Restrictions

Background

I-776 was passed by the voters on November 5, 2002.

Main Provisions

- State combined license fee for light trucks – the combined license fee schedule contained in RCW 46.16.070 was amended so that trucks with a Declared Gross Weight of 8,000 pounds or less pay a combined license fee of $30.
- High Capacity Transportation MVET – the authority of a Regional Transit Authority (RTA) to levy a voter-approved, high capacity transportation MVET was repealed. Sound Transit currently imposes a voter approved high capacity transportation MVET equal to 0.3% of vehicle value.
- Local option vehicle license fee – the statute authorizing a county or a qualified city or town to impose a voter-approved vehicle license fee of up to $15 per year was repealed. The following four counties had imposed the fee: Douglas, King, Pierce, and Snohomish Counties.

Subsequent Actions

Prior to I-776 taking effect, a legal action was filed against the state challenging the constitutionality of I-776. This legal challenge, and other court decisions that came later, required the Department of Licensing to continue collecting the local option vehicle license fee and the higher gross weight fees during the months while the case was being decided. Douglas and Snohomish Counties chose not to join the law suit and stopped collecting the local option vehicle fee after the effective date of the Initiative.

In October 2003, the Washington State Supreme Court issued a decision holding that I-776 did not violate the Washington Constitution. Shortly after, all state and local fees were changed to comply with the Initiative. State and Local governments were ordered to refund the gross weight fees and local option vehicle fees that had continued to be collected while the suit was pending. The fees were refunded in October of 2004.

I-776 repealed the MVET for Regional Transportation Authorities (i.e., Sound Transit). However, Sound Transit had issued bonds in 1999 pledging the MVET revenue as security. In 2006, the Washington State Supreme Court upheld Sound Transit's authority to continue collecting the MVET based on Article I, section 23 of the Washington Constitution relating to impairment of contracts.

Initiative 960—Tax and Fee Increases Imposed by State Government

Background

Initiative 960 was approved by the voters on November 6, 2007.

Major Provisions

Tax increases—The Initiative declares that legislative actions that "raise taxes" require a two-thirds vote of each legislative chamber, and states that tax increases may be referred to the voters for their approval or rejection.

In addition, an advisory vote of the people is required on legislative actions that raise taxes if the legislative action is "blocked from a public vote" or is not referred to the people through referendum or initiative, and specifies voters' pamphlet information for advisory vote measures.

Fee increases--The Initiative requires prior legislative approval of fees, both when imposing new fees or raising existing fees, regardless of whether the fee increase exceeds the fiscal growth factor. A simple majority vote in each Legislative chamber is required to authorize fee increases.

Public information on tax and fee increases—The Initiative specifies requirements and processes for the Office of Financial Management to publicize a ten-year cost projection and legislators' votes on any bill raising taxes or fees.

Subsequent Changes

The tax increase provisions of Initiative 960 were temporarily suspended during the 2010 Legislative session.

Initiative 1053—Tax and Fee Increases Imposed by State Government

Background

Initiative 1053 was approved by the voters on November 2, 2010.

Major Provisions

Initiative 1053 reinstates the statutory requirement that any action or combination of actions by the legislature that raises state taxes must be approved by either a two-thirds vote in both houses of the legislature or approved in a referendum to the people.

The initiative also restates that new or increased state fees must be approved by a majority vote in both houses of the legislature.