
Local Taxes

Overview and Table of Contents

This section summarizes the transportation taxes that have been authorized by the Legislature for use by local governments. These taxes may be used for a broad range of transportation purposes, including road construction, mass transit, high capacity transportation, and high occupancy vehicle (HOV) systems. In addition to the local option taxes described in this section, local governments can use several other revenue sources to fund transportation, including distributions of the state motor fuel tax (gas tax), federal funds, bonds, state grants, and local general funds. Further information on revenue sources for local jurisdictions can be found in the Local Jurisdictions section of this manual. Several of the option taxes available to local governments for transportation were established as part of the 1990 transportation revenue package.

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REVENUE SOURCE: **Border Area Motor Vehicle Fuel and Special Fuel Tax**

RCW: 82.47.020 (Authorized in 1991)

WHO'S ELIGIBLE

Cities and towns within 10 miles of an international border crossing or transportation benefit districts (TBDs) that contain an international border crossing.

WHERE ENACTED

Sumas, Blaine, Nooksack, and Point Roberts TBDs have enacted this tax.

PURPOSE

For street maintenance and construction in areas along the Canadian border that are experiencing extraordinary traffic levels and impacts due to Canadian motorists.

PROVISIONS

Jurisdictions are authorized to impose a tax of up to one cent. Voter approval is required. Revenue may be used only for street construction and maintenance. Tax applies to both motor vehicle fuel and special fuel.

REVENUE

Three cities imposed the border area motor vehicle fuel and special fuel tax during 2007 and reported the revenue on city street forms submitted to the Department of Transportation. Whatcom County reported for Point Roberts TBD.

	<u>Current Rate</u>	<u>Revenue</u>
Blaine	1¢/gallon	\$98,831
Nooksack	1¢/gallon	\$14,641
Point Roberts, TBD	1¢/gallon	\$41,668
Sumas	1¢/gallon	\$21,004

REVENUE SOURCE: **City Street Utility Charge (Declared invalid November 1995)**

RCW: 82.80.050 (Authorized in 1990)

WHO'S ELIGIBLE

Cities

WHERE ENACTED

The city street utility charge was declared invalid by the Washington State Supreme Court in November 1995.

The Court found in Covell v. City of Seattle that the street utility tax was not a valid fee, but a tax on property that violated (1) the State Constitution's tax uniformity clause, which requires that the rate of tax be a uniform percentage of value for all real property, and (2) the one percent levy limitation, which requires voter approval for property taxes that exceed 1% of property value.

Prior to November 1995, the following cities had enacted this charge: Grandview, Kent, Mabton, Marcus, Medical Lake, Richland, Seattle, Snoqualmie, Soap Lake, Union Gap, Wenatchee, and Wilkeson.

PURPOSE

Street utilities may be established to own, maintain, operate, and preserve any prescribed portion of the streets of a city or town. Street utilities may include street lighting, traffic control devices, sidewalks, curbs, gutters, parking facilities, and drainage facilities. Revenues collected by street utilities must be used only for transportation purposes.

PROVISIONS

- City levy only.
- Rate capped at equivalent of \$2 per employee per month for businesses and \$2 per housing unit per month as defined in RCW 35.95.040.
- Rates must be uniform within each class of service (business and residential) and both classes must be assessed the charge.
- Other features:
 - Revenue limited to 50% of maintenance and operations budget
 - Tax exempt entities do not pay
 - Full credit given against street utility charge for any commuter or employer tax based on number of employees collected for transportation purposes.
- Not subject to a vote of the people or to exclusive referendum procedure; subject to local laws regarding referenda.
- Subject to planning provisions. (See [Planning Requirements for 1990 Local Option Taxes](#))

REVENUE

Cities that imposed the city street utility charge during 1995 and reported the revenue on city street forms submitted to the Department of Transportation:

Grandview	\$75,096
Mabton	\$5,598
Marcus	\$1,419
Medical Lake	\$26,212
Richland	\$423,074
Seattle	\$10,273,672
Snoqualmie	\$24,416
Soap Lake	\$18,140
Union Gap	\$94,240

REVENUE SOURCE: **Commercial Parking Tax**

RCW: 82.80.030 (Authorized in 1990)

WHO'S ELIGIBLE

County (unincorporated area) or city

WHERE ENACTED

The cities of SeaTac, Bainbridge Island, Bremerton, Mukilteo, and Tukwila have implemented this tax.

PURPOSE

For general transportation purposes, including construction and operation of state highways, county roads, and city streets; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities.

PROVISIONS

- No rate set; rate setting parameters provided.
- Tax may either be on the commercial parking business, based on gross proceeds or number of stalls, or on the customer (similar to an admissions tax).
- Tax exempt carpools, vehicles with handicapped decals, and government vehicles are exempt from the tax.
- Subject to planning provisions. (See *Planning Requirements for 1990 Local Option Taxes*)
- Subject to exclusive referendum procedure. (See *Background Information*).

REVENUE

Jurisdictions that imposed the commercial parking tax during 2007 and reported the revenue on city street or county road forms submitted to the Department of Transportation or the Local Government Reporting System of the Office of the State Auditor:

SeaTac	\$5,278,931
Bainbridge Island	\$508,772
Bremerton	\$293,874
Mukilteo	\$57,355
Tukwila	\$152,701

**REVENUE SOURCE: Local Option Taxes for High Capacity Transportation
(MVET, Employee, Sales Tax)**

RCW: 81.104.140 through 81.104.170 (Authorized in 1990)

WHO'S ELIGIBLE

Regional transit authorities (RTA) in King, Pierce, and Snohomish counties; transit agencies in Thurston, Clark, Kitsap, Spokane, and Yakima counties.

WHERE ENACTED

RTA in King, Pierce, and Snohomish counties enacted a high capacity transportation (HCT) tax in November 1996.

PURPOSE

For planning, constructing, and operating high capacity transportation (HCT), commuter rail, and feeder transportation systems. Voter approval required.

PROVISIONS

- Motor Vehicle Excise Tax (81.104.160)*
 - Up to 0.8% of vehicle value
 - Trucks over 6,000 pounds are exempt.
 - MVET revenue for high occupancy vehicle (HOV) programs and HCT cannot exceed amount generated by 0.8% MVET.
 - Can only be levied if all local agencies that are parties to an interlocal agreement are imposing the tax at the same rate.
 - For rental vehicles on which sales and use tax is collected in lieu of MVET, additional sales tax may be collected up to a maximum rate of 2.172%.
- Employer Tax (81.104.150)
 - Up to \$2 per employee per month.
 - Not allowed if HOV employer tax in effect.
- Sales and Use Tax (81.104.170)
 - Up to 1% of purchase price on taxable items.
 - Limited to 0.9% in counties that have imposed 0.1% sales tax for criminal justice and in regional transit authorities in which any member county has imposed the 0.1% criminal justice tax.
- General Provisions
 - Tax revenues may be pledged for bonds.
 - Local agencies may contract with Department of Revenue or other entities to collect taxes.
 - Commuter rail is an authorized use of both HOV and HCT funds:
 - o Because commuter rail uses existing rail lines, it is included with HOV programs as a near-term capacity improvement
 - o It could also be used to address long-term HCT system needs.

* Disposition of MVET collections pending court decision.

REVENUE

High capacity transportation taxes imposed by the Regional Transit Authority during 2007 as reported by the Department of Revenue and Sound Transit:

	0.3% <u>MVET</u>	0.4% <u>Sales Tax</u>
Regional Transit Authority (Sound Transit)	\$72.3M	\$267.8M

REVENUE ESTIMATE (For Calendar Year 2009)

	0.8% <u>MVET</u>	\$2 per Employee per Month	1% <u>Sales Tax</u>
Sound Transit (RTA)	\$78.4M		\$298.6M
King		\$29.6M	\$493.0M
Pierce		\$6.8M	\$84.6M
Snohomish		\$5.9M	\$105.6M
Spokane		\$5.4M	\$40.5M
Clark		\$3.3M	\$28.9M
Kitsap		\$2.1M	\$32.6M
Thurston		\$2.4M	\$26.2M
Yakima		\$2.0M	\$6.4M

RTA revenue estimate reflects a 0.3% MVET and 0.4% sales tax.

Employer tax estimates do not include any deduction for credits to employers that have ride-sharing programs.

MVET and sales tax revenue estimates are for entire counties. Except for King County where the transit district is countywide, projections of HCT taxes should be reduced to reflect the taxing district (transit system) being less than countywide.

For other revenue assumptions, see [Background Information](#).

REVENUE SOURCE: Local Option Taxes for High Occupancy Vehicle (HOV) Systems (MVET, Employee)

RCW: 81.100.030, 81.100.060 (Authorized in 1990)

WHO'S ELIGIBLE

King, Pierce, and Snohomish counties.

WHERE ENACTED

No county has enacted a high occupancy vehicle (HOV) tax.

PURPOSE

For high occupancy vehicle (HOV) lane development, mitigation of environmental impacts of HOV development, support of employer programs to reduce single-occupant commuting, and commuter rail programs. Authorized for King, Pierce, and Snohomish counties, with voter approval.

PROVISIONS

- Motor Vehicle Excise Tax (RCW 81.100.060)
 - Local MVET of up to 0.3% in the case of a county or 0.8% in the case of a regional transportation investment district.
 - Same additional local rate may be applied to sales and use tax on rental vehicles in lieu of MVET (see *State Taxes and Fees* for more information).
 - Trucks over 6,000 pounds are exempt.
 - Total of MVET revenue from HOV and High Capacity Transportation (HCT) local option taxes cannot exceed amount generated by 0.8% MVET (maximum local MVET for HCT).
- Employer Tax (RCW 81.100.030)
 - Up to \$2 per employee per month.
 - May include public and private employers, including state agencies.
 - Credits employers who are participating in ride-share programs.
- General Provisions
 - If both employer tax and local MVET are imposed, total cannot exceed amount that would be generated by 13.64% local MVET.
 - Permits HOV funds to be pledged for repayment of bonds until year 2000, and with voter approval, to be used for commuter rail.
 - Commuter rail is an authorized use of both HOV and HCT funds. Because commuter rail uses existing rail lines, it is included with HOV programs as a near-term capacity improvement. It also may be a component for addressing long-term HCT system needs.

REVENUE ESTIMATE (For Calendar Year 2009)

	0.3% MVET <u>Surtax</u>	\$2 per Employee <u>per Month</u>	Maximum HOV <u>Collections</u>
King		\$29.6M	\$29.6M
Pierce		\$6.8M	\$6.8M
Snohomish		\$5.9M	\$5.9M

Employer tax estimates do not include any deduction for credits to employers that have ride-sharing programs.

For other revenue assumptions, see [Background Information](#).

REVENUE SOURCE:

Local Option Taxes for Ferry Services—County Ferry Districts and PTBAs

RCW:

Chapter 36.54 and 36.57A

WHO'S ELIGIBLE

County Ferry Districts can be established in all or a portion of a county. See *Resource Manual Section: Agencies and Jurisdictions—Local/Regional* for County Ferry District and Transit Agencies.

WHERE ESTABLISHED

None at this time

PURPOSE

To finance acquisition of ferry facilities and provide for operation of ferries.

FINANCE PROVISIONS -- COUNTY FERRY DISTRICTS (Ch 36.54 RCW)

Ad valorem tax (36.54.130)

- Not to exceed seventy-five cents per \$1,000 assessed value
- Can be imposed by county legislative authority
- Annual imposition

Excess Property Tax Levy (36.54.140)

- Annual imposition
- Voter approval required

FINANCE PROVISIONS – PUBLIC TRANSPORTATION BENEFIT AREAS ON PUGET SOUND-- PASSENGER-ONLY FERRY SERVICE (RCW 36.57A.210)

Motor Vehicle Excise Tax (82.80.130)

- Up to 0.4% on renewals
- On vehicles licensed for 6000 pounds or less
- Voter approved

Sales and Use Tax (82.14.440)

- Up to 0.4%
- Cannot be imposed where a Regional Transit Authority has been established
- Voter approved

Other Revenue Sources

- Ferry tolls for passengers and packages, and parking tolls where applicable
- Leasing and advertising fees

REVENUE SOURCE: **Local Option Taxes: Regional Transportation Investment Districts (RTIDs)**

RCW: Chapter 36.120

WHO'S ELIGIBLE

Regional Transportation Investment Districts can be established in King, Pierce and Snohomish counties. Prior to December 1, 2007, an RTID must include at least two adjacent counties. After December 1, 2007, an RTID can include one or two or more contiguous counties. *See Resource Manual Section: Agencies and Jurisdictions—Local/Regional* for RTID discussion

WHERE ESTABLISHED:

The RTID planning committee has been developing a plan for a three county RTID. The RTID's Regional Transportation Investment Plan is required to be on the November 2007 general election ballot. That proposal is mandated to be on the ballot, in conjunction with a Sound Transit Phase II proposal, and both must pass for either to be approved.

PURPOSE

Principally to finance capital construction of highways of statewide significance in the district. (*See Resource Manual Section: Agencies and Jurisdictions—Local/Regional* for RTID discussion and project particulars).

FINANCE PROVISIONS (RCW 36.120.050) All voter approved:

Sales and Use Tax (36.120.050(1)(a) and 82.14.430)

- Up to 0.1%,

Vehicle License Fee (36.120.050(1)(b) and 82.80.100)

- Up to \$100 annual fee

Motor Vehicle Excise Tax (36.120.050(1)(d) and 81.100.060)

- Up to 0.8%,
- Must use new state defined depreciation schedule (82.44.035)

Parking Tax (36.120.050(1)(c) and 82.80.030)

- On commercial businesses

Tolls (36.120.050(1)(g))

- Routes to be tolled must be identified in investment plan.
- Tolls administered by WSDOT unless otherwise provided for in law.
- Tolls must be approved by Transportation Commission and the Commission is the tolling authority.

Local Option Fuel Tax (36.120.050(1)(e) and 82.80.120)

- Equal to 10% of statewide fuel tax (3.4 cents per gallons based on 34 cent statewide gas tax).
- County may levy tax used for district or a district may levy the tax.
- Districts can only levy tax if boundaries are coextensive with member county boundaries.
- Restricted to 18th amendment purposes.
- Tax may not be levied by both a county and an RTID.

REVENUE SOURCE: **Local Option Taxes: Transportation Benefit Districts**

RCW: Chapter 36.73

WHO'S ELIGIBLE

Transportation Benefit Districts which can be established city-wide up to multi-county. Presently, TBD's may be established in all counties except in King, Pierce and Snohomish Counties. After December 1, 2007, a TBD can also be established in those counties. *See Resource Manual Section: Agencies and Jurisdictions—Local/Regional* for TBD discussion.

WHERE ESTABLISHED

Point Roberts TBD in Whatcom County and Liberty Lake TBD in Spokane County.

PURPOSE

To finance construction of, and operate, improvements to roadways, high capacity transportation systems, public transit systems, and other transportation management programs.

FINANCE PROVISIONS (Ch 36.73 RCW and RCW 36.73.040)

Sales and Use Tax (82.14.0455)

- Up to 0.2%, with voter approval
- Tax may not be in effect longer than 10 years unless reauthorized by voters

Motor Vehicle License Renewal Fee (82.80.140)

- Up to \$100 annual fee, with voter approval
- Vehicles of 6000 lbs or less

Excess Property Tax Levies (36.73.060)

- One year, voter approved
- Multi-year for GO bonds

Tolls (36.73.040(2)(d))

- Tolls on facilities including state routes and local roads
- Tolls on state routes must be administered by WSDOT
- All tolls must be approved by Transportation Commission

Other Revenue Sources

- Late-comer fees (36.73.140)
- Development fees (36.73.040(2)(c) and 36.73.120)
- LID formation (36.73.080)

REVENUE SOURCE: **Local Option Motor Vehicle and Special Fuel Tax for Counties**

RCW: 82.80.010 (Authorized in 1990)

WHO'S ELIGIBLE

Countywide (including incorporated areas).

WHERE ENACTED

No county has enacted this tax.

PURPOSE

For "highway purposes" as defined by the 18th Amendment, including the construction, maintenance, and operation of city streets, county roads, and state highways; operation of ferries; and related activities.

PROVISIONS

- Equal to 10% of statewide motor vehicle fuel tax and special fuel tax (3.75 cents per gallon based on 37.5-cent statewide gas tax with the full implementation of a 9.5-cent tax rate increase included in 2005 Transportation legislation).
- Countywide imposition (no city levy).
- Revenues distributed back to county and cities contained within the county, levying the tax on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).
- Voter approval required.
- Subject to planning provisions. (See *Planning Requirements for 1990 Local Option Taxes.*)

REVENUE ESTIMATE (For Calendar Year 2009)

For revenue estimates by county, see *Local Option Fuel Tax.*

REVENUE SOURCE: **Motor Vehicle License Fee* (Repealed by Initiative 776)****

RCW: 82.80.020 (Authorized in 1990)

WHO'S ELIGIBLE

Countywide (including incorporated areas).

WHERE ENACTED

A \$15 fee had been authorized in Douglas, King, Pierce, and Snohomish counties.

PURPOSE

For general transportation purposes, including 18th Amendment "highway purposes"; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities.

PROVISIONS

- Imposed at county level, or for a qualifying city or town located in a county that has not imposed a \$15 fee.
- Applies to incorporated and unincorporated areas.
- City or town may impose the fee only if authorized by a majority of voters.
- Up to \$15 maximum per vehicle registered in county.
- The 1998 law extends applicability to trucks weighing 6,000 pounds or less (unladen).
- Exempts all trucks above 6,000 pounds (unladen), buses, for-hire vehicles, commercial trailers, and converter gears.
- Allows county to exempt senior citizens with incomes below level set by county and persons with physical disabilities.
- Revenues distributed to county and cities contained within the county levying the tax on a weighted per capita basis (1.5 for population in unincorporated areas; 1.0 for population in incorporated areas).
- Subject to planning provisions. (See [Planning Requirements for 1990 Local Option Taxes](#)).
- Subject to exclusive referendum procedure. (See [Background Information](#)).

REVENUE

Counties that imposed the motor vehicle license fee during 2002 as reported by the Department of Licensing:

Douglas County	\$352,888
King County	\$17,404,484
Pierce County	\$6,993,526
Snohomish County	\$6,453,459

* Language contained in Initiative 776, passed by the voters in November 2002, repealed the motor vehicle license fee. Money collected during 2003 was refunded in October 2004.

** For more information on Initiative 776, see the *Transportation Budget* section.

REVENUE SOURCE: **Property Tax Road Levy**

RCW: 36.82.040

WHO'S ELIGIBLE

Counties (unincorporated areas).

WHERE ENACTED

Every county in Washington collects a property tax road levy.

PURPOSE

For construction, preservation, and maintenance of county roads, bridges, and wharves necessary for providing vehicle ferry service, and for other proper county road purposes.

PROVISIONS

- May not exceed \$2.25 per thousand dollars of assessed valuation.
- Proceeds are deposited in county road fund.
- Any portion of the county property tax road levy may be diverted by the county legislative authority to any other county-provided service (RCW 36.33.220); however, such diversion may make the county ineligible for state road grants through the Rural Arterial Program of the County Road Administration Board (RCW 36.79.140).

REVENUE

Budgeted property tax road levy revenue for 2007 as reported by the County Road Administration Board:

\$406.1 million (prior to diversions)

\$377.0 million (net for roads after diversions)

REVENUE SOURCE: Transit Taxes

RCW: 35.95.040, 82.14.045

WHO'S ELIGIBLE

Transit districts.

WHERE ENACTED

27 transit districts have a sales tax or utility tax in place.

PURPOSE

For operation, maintenance, and capital needs of transit districts. Voter approval is required for the B&O, household/utility, and sales and use taxes described below.

PROVISIONS

- Business and Occupation Tax (RCW 35.95.040)
 - Rate to be determined by transit district
 - Rate may be applied against value of products, gross proceeds, or gross income of business
 - May be used concurrently with household/utility tax for transit
 - May not be used concurrently with sales and use tax for transit
 - Voter approval required
- Household/Utility Excise Tax (RCW 35.95.040)
 - Up to one dollar per month per housing unit
 - May be used concurrently with B&O tax for transit
 - May not be used concurrently with sales and use tax for transit
 - Voter approval required
- Sales and Use Tax (RCW 82.14.045)
 - Up to a maximum of 0.9%
 - Exemptions and provisions of statewide sales and use tax apply
 - May not be used concurrently with B&O tax for transit or household/utility tax for transit
 - Voter approval required
- Motor Vehicle Excise Tax—local portion (35.58.273)
 - Up to 0.725% of the value of vehicles in the transit district

Chapter 6, Regular Session, Laws of 2002 repealed the local motor vehicle excise tax, retroactively to January 1, 2000.

Public Transportation Benefit Areas (PTBA's) located in Puget Sound have additional tax authority to fund passenger-only ferry activities. (RCW 36.57A.210). See *Local Taxes - Local Option Taxes for Local Ferry Services* for details).

REVENUE

Transit tax revenue (excluding the Regional Transit Authority) during 2008 as reported by the Department of Revenue:

Local Collections: \$773.9 million

REVENUE ESTIMATE (For Calendar Year 2007)

For revenue estimates, see *Local Tax for Transit*.

Supporting Information

Local Option Fuel Tax
 Revenue Estimate (For Calendar Year 2009)
 (Dollars in Thousands)

County	Local Option Fuel Tax* (3.75 cents/gallon)
Adams	389
Asotin	475
Benton	3,444
Chelan	1,592
Clallam	1,449
Clark	9,088
Columbia	86
Cowlitz	2,246
Douglas	819
Ferry	174
Franklin	1,249
Garfield	53
Grant	1,846
Grays Harbor	1,481
Island	1,705
Jefferson	646
King	39,652
Kitsap	5,434
Kittitas	789
Klickitat	452
Lewis	1,632
Lincoln	221
Mason	1,223
Okanogan	919
Pacific	456
Pend Oreille	285
Pierce	16,779
San Juan	361
Skagit	2,588
Skamania	234
Snohomish	15,272
Spokane	9,848
Stevens	971
Thurston	5,379
Wahkiakum	88
Walla Walla	1,272
Whatcom	4,119
Whitman	889
Yakima	5,046
State Total	140,650

Note: Fuel tax collections at the county level are estimated from the county's share as a percentage of total state fuel gallons taxed at 3.75 cents per gallon. State total is based upon November 2006 motor vehicle revenue forecast. The county's share is based upon current population estimates and forecasts provided by the Office of Financial Management. These estimates do not have nonhighway use refunds and transfers, or administrative expenses subtracted out.

Local Tax for Transit

Revenue Estimate (For Calendar Year 2009)

Transit District	Local Transit Tax		Estimated Local Tax
	<u>Type</u>	<u>Rate</u>	<u>Revenue</u>
Asotin County Transit	Sales	0.20%	\$455,754
Ben Franklin Transit	Sales	0.60%	\$23,341,860
Link Transit (Chelan/Douglas)	Sales	0.40%	\$8,189,537
Clallam Transit System	Sales	0.60%	\$6,657,515
C-TRAN (Clark)	Sales	0.50%	\$25,811,935
Columbia County Public Transportation	Sales	0.40%	\$186,469
Community Urban Bus System (Cowlitz)	Sales	0.10%	\$1,112,676
Grant Transit Authority	Sales	0.20%	\$3,339,361
Grays Harbor Transportation Authority	Sales	0.60%	\$6,353,212
Island Transit	Sales	0.60%	\$5,526,234
Jefferson Transit Authority	Sales	0.60%	\$2,464,162
Metro Transit (King)	Sales	0.90%	\$455,584,655
Kitsap Transit	Sales	0.80%	\$29,908,141
Twin Transit (Lewis)	Sales	0.20%	\$1,677,342
Mason Transportation Authority	Sales	0.60%	\$3,600,829
Pacific Transit System	Sales	0.30%	\$816,715
Pierce Transit	Sales	0.60%	\$75,784,627
Skagit Transit	Sales	0.20%	\$4,965,522
Everett Transit System	Sales	0.60%	\$21,262,180
Community Transit (Snohomish)	Sales	0.90%	\$94,605,618
Spokane Transit Authority	Sales	0.60%	\$46,309,231
Intercity Transit (Thurston)	Sales	0.60%	\$23,661,220
Valley Transit (Walla Walla)	Sales	0.30%	\$2,135,322
Whatcom Transportation Authority	Sales	0.60%	\$20,337,459
Pullman Transit	Utility	0.30%	\$1,094,153
Selah (Yakima)	Sales	0.30%	\$310,990
Union Gap (Yakima)	Sales	0.20%	\$870, 920
Yakima Transit	Sales	0.30%	\$5,154,437

Summary of 1990 Local Option Taxes (Chart)

Transportation Funding Legislation – 1990 Session

TAX	PURPOSE	RATE	JURISDICTION	VOTER APPROVAL	EXEMPTIONS	OTHER PROVISIONS
Fuel Tax	Highway Purposes (Per 18th Amend)	10% of State Rate	County (Uninc & Inc)	Required	Same as statewide fuel tax	Must be applied to both motor and special fuel
Vehicle License Fee**	General Transportation	Up to \$15	County (Uninc & Inc)	Not required: referendum process specified	County may exempt persons over 60 or with disabilities	County must delay effective date at least 6 months from date of enactment for DOL implementation
Commercial Parking Tax	General Transportation	No fixed rate	City or County (Uninc)	Not required: referendum process specified		May provide exemptions for tax-exempt carpools, vehicles with handicap decals, and government vehicles
Street Utility Charge *	Street Maintenance and Operations	Up to \$2/employee/mo Up to \$2/household/mo	City	Not required: referendum process specified	Entities exempt from property/leasehold tax	Credit to businesses paying employer/commuter taxes for transp: revenue limited to 50% of M&O budget
Employer Tax	High Occupancy Vehicle Lanes	Up to \$2/employee/mo	King, Pierce, Snohomish counties	Required		Total of HOV taxes cannot exceed revenue from 15% MVET alone: precludes HCT employer tax
Motor Vehicle Excise Tax (MVET)	High Occupancy Vehicle Lanes	Up to 15% of MVET base rate (2.0%)	King, Pierce, Snohomish counties	Required	Trucks over 6,000 lbs. Unladen weight	Total of HOV taxes cannot exceed revenue from 15% MVET alone
Employer Tax	High Capacity Transportation Systems	Up to \$2/employee/mo	RTAs: Pierce, King, Snohomish, Transit agencies, Clark, Spokane, Yakima, Kitsap, Thurston	Required		Not allowed if HOV employer tax in effect Note: RTA is acronym for Regional Transit Authority
Motor Vehicle Excise Tax	High Capacity Transportation Systems	Up to 0.8% of vehicle value	Same as above	Required	Trucks over 6,000 lbs. Unladen weight	MVET for HOV and HCT cannot exceed 0.8% MVET rate (when used for HCT, must be at same rate for eligible adjacent counties)
Sales & Use Tax	High Capacity Transportation Systems	Up to 1% of purchase price of taxable items	Same as above	Required	Same as statewide sales tax	Tax limited to 0.9% if 0.1% local option sales tax for criminal justice is in effect
<p>* Found unconstitutional by Washington State Supreme Court</p> <p>**Repealed by Initiative 776</p>						

Planning Requirements for 1990 Local Option Taxes

Fuel Tax, Vehicle License Fee, and Commercial Parking

Jurisdictions imposing the local option fuel tax, vehicle license fee, or commercial parking tax for transportation purposes must comply with the following provisions (per RCW 82.80.070):

- Expenditures of revenues must be consistent with adopted local and regional transportation/land use comprehensive plans.
- Jurisdictions with more than 8,000 population must develop and adopt a transportation program.
- For new or expanded transportation projects, the priorities must be identified in the program.

Local Option Taxes for High Occupancy Vehicle (HOV) Systems

The following provisions pertain to the local option motor vehicle excise tax or the employer tax authorized to support HOV systems (per 81.100 RCW):

- To impose local option taxes for HOV lanes, counties must adopt goals to reduce the proportion of single-occupant vehicles during peak commuting periods.
- Goals must address level of congestion; transit, vanpools, and carpools; employment density and employer size; parking; and consistency with goals of the Regional Transportation Plan.
- If the employer tax is imposed, credits must be provided to businesses with programs that reduce the number of single-occupant vehicle trips.
- Counties must develop plans in conjunction with cities, metropolitan planning organizations, and transit districts.
- Counties imposing local option taxes must enter into interlocal agreements with the Washington State Department of Transportation (WSDOT) to allow WSDOT, transit agencies, and cities to coordinate programming and operational decisions affecting the HOV system.

Background Information

1. Referendum Procedure for Motor Vehicle License Fee and Commercial Parking Tax (per RCW 82.80.090)
 - Petition to repeal vehicle license fee or commercial parking tax must be filed within seven days of passage or the ordinance imposing the tax.
 - Petitioner has 30 days after ballot title written to obtain signatures of not less than 15% of registered voters.
2. Revenue Assumptions for HOV and HCT Taxes
 - MVET
 - Assumes larger trucks represent 13% of vehicle valuations
 - Estimates are for fiscal year
 - EMPLOYER TAX
 - County employment estimates are based on Employment Security Department projections of employees covered by the Washington Employment Security Act; estimates are consistent with the forecast of the Washington State Office of the Forecast Council.
 - Revenue projections are for countywide tax. Except for King County and Kitsap County, transit districts in other counties will yield less revenue than projected. The 2003 service areas of transit systems in Pierce, Snohomish, Spokane, Clark, Thurston, and Yakima Counties are listed below:

Pierce Transit	93%
Snohomish (Everett Transit & Community Transit)	85%
Spokane Transit	87%
Clark (C-TRAN)	84%
Thurston (Intercity Transit)	62%
Yakima Transit	35%
 - SALES TAX
 - Revenue projected from 2007 actual, and assuming projected sales tax growth from the forecast by the Washington State Office of the Forecast Council.
 - Estimates are for calendar year.

