

Multiple Agency Fiscal Note Summary

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|-----------------------------|---|
| Bill Number: 1898 HB | Title: Enhanced public trans zones |
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Estimated Cash Receipts

| Agency Name | 2013-15 | | 2015-17 | | 2017-19 | |
|-----------------------|--|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Department of Revenue | Non-zero but indeterminate cost. Please see discussion." | | | | | |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 0 |

Estimated Expenditures

| Agency Name | 2013-15 | | | 2015-17 | | | 2017-19 | | |
|-----------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Department of Revenue | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Total | 0.0 | \$0 | \$0 | 0.0 | \$0 | \$0 | 0.0 | \$0 | \$0 |

| | | | | | | | | | |
|---------------------|---|--|--|--|--|--|--|--|--|
| Local Gov. Courts * | | | | | | | | | |
| Local Gov. Other ** | Non-zero but indeterminate cost. Please see discussion. | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Impact

NONE

| | | |
|---|-------------------------------|---|
| Prepared by: Cherie Berthon, OFM | Phone: 360-902-0659 | Date Published: Revised 3/29/2013 |
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Department of Revenue Fiscal Note

| | | |
|-----------------------------|---|--|
| Bill Number: 1898 HB | Title: Enhanced public trans zones | Agency: 140-Department of Revenue |
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

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|----------------------|
| Indeterminate Impact |
|----------------------|

Estimated Expenditures from:

| |
|----------------------|
| Indeterminate Impact |
|----------------------|

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | | |
|----------------------|----------------|---------------------|------------------|
| Legislative Contact: | David Munnecke | Phone: 360-786-7315 | Date: 02/26/2013 |
| Agency Preparation: | Diana Tibbetts | Phone: 360-534-1520 | Date: 02/27/2013 |
| Agency Approval: | Don Gutmann | Phone: 360-534-1510 | Date: 02/27/2013 |
| OFM Review: | Cherie Berthon | Phone: 360-902-0659 | Date: 02/27/2013 |

Request # 1898-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This legislation allows local jurisdictions that currently levy the local sales and use tax under RCW 82.14.045 for public transportation benefit areas (PTBAs) to create an enhanced public transportation zone. An enhanced public transportation zone can be created within a portion or within the entire local entity if approved by the voters in that area.

An "enhanced public transportation zone" is a zone in which the establishing entity by resolution or ordinance finds that the zone warrants consistent and sustainable transportation service levels of passenger capacity, speed, and service frequency to serve persons within the zone that would otherwise be substantially disadvantaged if the zone were not created. An enhanced public transportation zone must include 55 percent or more of the population of the establishing entity designated as low income or minority for purposes of Title VI of the federal civil rights act of 1964, but may not include more than 49 percent of the population of the establishing entity. The boundaries of any enhanced public transportation zone must follow election precinct lines as far as practicable.

The local tax for a PTBA can also be imposed in an enhanced public transportation zone and is in addition to the existing tax rate but when combined with the existing rate of tax imposed cannot exceed the maximum rate of nine-tenths percent.

The tax in enhanced public transportation zones expires after 5 years unless it is reauthorized or upon failure to reauthorize. Local entities must consult with Department of Revenue (Department) about sales tax collection methods when establishing the boundaries of the zone. The revenue from the tax imposed in an enhanced public transportation zone must be expended only for public transportation service within the enhanced public transportation zone and must not supplant existing revenues allocated to the zone.

This legislation has an August 1, 2013 effective date.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS/DATA SOURCES

Island, Jefferson, King and Snohomish counties already levy the local transportation tax at nine-tenths of a percent, so there is no local tax capacity for an enhanced public transportation zone tax in these counties.

REVENUE ESTIMATES

There is no direct impact to state government. The local impact of this bill cannot be accurately estimated due to the unknown number, size, or location of enhanced public transportation zones that may propose a tax increase to the voters within the zones.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

Following current policy of the Department, it is assumed that one percent of the local sales and use tax would be retained

by the state to cover collection costs for the local sales tax. Since the extent of utilizing such local taxes within enhanced public transportation zones is unknown, the yield of administrative cost reimbursement is unknown.

Local Government, if applicable (cash basis, \$000):

Due to the unknown characteristics of potential enhanced public transportation zones, the local impact is unknown at this time. Plus, voter approval is required to impose the local transportation tax for enhanced public transportation zones. For illustrative purposes, the existing PTBAs that are levying the local transportation tax below the 0.9 percent limit, could generate an additional \$165 million if they levied the tax at the maximum rate.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The expenditure impact of this proposal could not be calculated, as the number of potential enhanced public transportation zones is unknown at this time. For informational purposes, if 20 enhanced zones were created in existing PTBAs over the next three fiscal years, the cost to administer this change would be \$53,000 in initial costs and \$52,000 in ongoing costs each fiscal year.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

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|-----------------------------|---|
| Bill Number: 1898 HB | Title: Enhanced public trans zones |
|-----------------------------|---|

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: City-run transit agencies
- ☒ Counties: County-run transit agencies
- ☒ Special Districts: Transit agencies, except regional transit authorities
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: May create an enhanced public transportation zone and levy local option sales tax to fund transit
- ☒ Key variables cannot be estimated with certainty at this time: Quantity and characteristics of jurisdictions that choose to exercise this option

Estimated revenue impacts to:

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|-----------------------------|
| Indeterminate Impact |
|-----------------------------|

Estimated expenditure impacts to:

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|-----------------------------|
| Indeterminate Impact |
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Part III: Preparation and Approval

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|--|-----------------------|------------------|
| Fiscal Note Analyst: Grete Willis | Phone: 360/725-5038 | Date: 03/29/2013 |
| Leg. Committee Contact: David Munnecke | Phone: 360-786-7315 | Date: 02/26/2013 |
| Agency Approval: Steve Salmi | Phone: (360) 725 5034 | Date: 03/29/2013 |
| OFM Review: Cherie Berthon | Phone: 360-902-0659 | Date: 03/29/2013 |

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

The bill would amend RCW 82.14.045 to allow most transit agencies to create an enhanced public transportation zone (Zone) within its territory. The governing body of a Zone may, with voter approval, use the remaining local option sales tax, up to the 0.9 percent limit, to provide expanded transit service within the Zone. The Zone may not include more than 49 percent of the population of the establishing entity. The tax would expire after five years if not reauthorized.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

The proposed legislation would result in one-time indeterminate elections costs to local governments who choose to create a Zone and levy local option sales tax. The tax must be approved by ballot measure and six months prior to that approval the establishing entity must determine a baseline level of fixed-route public transportation service.

Ongoing costs of enhanced service are indeterminate.

COSTS FOR LOCAL ELECTIONS

County auditor election departments conduct elections on behalf of special taxing districts, cities, counties, state government, and federal government. Each county bills its local jurisdictions for a prorated share of the cost of each election. Election costs include both fixed and variable costs related to a specific election. The cost to a jurisdiction varies significantly depending on how many other jurisdictions share the specific election date. If there are many sharing a date, each jurisdiction's share of the costs are lower. November general elections have the most participating jurisdictions so the cost to individual jurisdictions is lower. Conducting a one-issue election on a special election date usually leads to much higher costs.

For example, if a city of around 25,000 population located in one of the Puget Sound counties ran its election in November it would likely cost between \$2,000 and \$4,000. The same election held on a special election date by itself might cost as much as \$75,000, ranging from \$.20 per voter to almost \$3 per voter.

Alternatively, in a county with 1.1 million voters, the cost would likely be \$1.1 million if the election were held in November. Costs in the August primary would likely range from \$1.3 million to \$1.6 million (depending on how many other jurisdictions participate). Running a stand-alone election on a special election date in May or June would cost \$3 million. These costs range from \$1 to \$3 per voter.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The bill would have an indeterminate impact on local governments as it provides the option to establish and fund an enhanced public transportation zone. The quantity and characteristics of jurisdictions that would choose to exercise this option are unknown.

There are 31 transit agencies that are eligible to levy a local sales and use tax to finance local transit systems. Island, Jefferson, King, and Snohomish counties already levy the full 0.9 percent rate; regional transit authorities (Sound Transit) are not included in the bill. The remaining 26 transit jurisdictions would have the option to levy the remaining allowed tax, up to 0.9 percent, if they create a Zone.

SOURCES:

Washington State Transit Association

Pierce Transit

Tax Reference Manual, Department of Revenue

Department of Revenue fiscal note