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**SUBSTITUTE HOUSE BILL 1221**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** House Finance (originally sponsored by Representatives Hansen, Young, Appleton, Caldier, Griffey, and MacEwen)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to creating passenger-only ferry service  
2 districts; adding new sections to chapter 36.57A RCW; adding a new  
3 section to chapter 82.14 RCW; adding a new section to chapter 82.80  
4 RCW; creating a new section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that in 1999,  
7 the voters approved Initiative Measure No. 695, which repealed the  
8 state motor vehicle excise tax. The legislature further finds that at  
9 the time of its repeal, the tax generated about seven hundred fifty  
10 million dollars per year with approximately fifty-four percent of the  
11 tax revenue dedicated to local governments. The legislature further  
12 finds that the local government portion included over two hundred  
13 million dollars per year for local transit. The legislature further  
14 finds that Washington has one of the fastest growing economies in the  
15 country with the state's transportation infrastructure severely  
16 lagging, which will ultimately curtail future growth. The legislature  
17 further finds that the Washington legislature over the decades has  
18 made a policy choice to largely address its transportation needs  
19 through a byzantine patchwork of transportation-related special  
20 purpose districts.

1 (2) In recognition of the lingering effects of Initiative Measure  
2 No. 695 on local transportation funding, Washington's exceedingly  
3 deficient transportation infrastructure, and Washington's decision to  
4 substantially address transportation-related services at the local  
5 level, it is the legislature's intent to provide transportation-  
6 related special purpose districts with the necessary local funding  
7 tools to meet their needs.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 36.57A  
9 RCW to read as follows:

10 (1) A governing body of a public transportation benefit area,  
11 located in a county that only borders the western side of Puget Sound  
12 with a population of more than two hundred thousand and contains one  
13 or more Washington state ferries terminals, may establish one or more  
14 passenger-only ferry service districts within all or a portion of the  
15 boundaries of the public transportation benefit area establishing the  
16 passenger-only ferry service district. A passenger-only ferry service  
17 district may include all or a portion of a city or town as long as  
18 all or a portion of the city or town boundaries are within the  
19 boundaries of the establishing public transportation benefit area.  
20 The members of the public transportation benefit area governing body  
21 proposing to establish the passenger-only ferry service district,  
22 acting ex officio and independently, constitutes the governing body  
23 of the passenger-only ferry service district.

24 (2) A passenger-only ferry service district may establish,  
25 finance, and provide passenger-only ferry service, and associated  
26 services to support and augment passenger-only ferry service  
27 operation, within its boundaries in the same manner as authorized for  
28 public transportation benefit areas under this chapter.

29 (3) A passenger-only ferry service district constitutes a body  
30 corporate and possesses all the usual powers of a corporation for  
31 public purposes as well as all other powers that may be conferred by  
32 statute including, but not limited to, the authority to hire  
33 employees, staff, and services, to enter into contracts, to acquire,  
34 hold, and dispose of real and personal property, and to sue and be  
35 sued. Public works contract limits applicable to the public  
36 transportation benefit area that established the passenger-only ferry  
37 service district apply to the district. For purposes of this section,  
38 "passenger-only ferry service district" means a quasi-municipal  
39 corporation and independent taxing authority within the meaning of

1 Article VII, section 1 of the state Constitution, and a taxing  
2 district within the meaning of Article VII, section 2 of the state  
3 Constitution, created by the legislative body of a public  
4 transportation benefit area.

5 (4) Before a passenger-only ferry service district may provide  
6 passenger-only ferry service, it must develop a passenger-only ferry  
7 investment plan, including elements: To operate or contract for the  
8 operation of passenger-only ferry services; to purchase, lease, or  
9 rent ferry vessels and dock facilities for the provision of transit  
10 service; and to identify other activities necessary to implement the  
11 plan. The plan must set forth terminal locations to be served,  
12 projected costs of providing services, and revenues to be generated  
13 from tolls, locally collected tax revenues, and other revenue  
14 sources. The plan must ensure that services provided under the plan  
15 are for the benefit of the residents of the passenger-only ferry  
16 service district. The passenger-only ferry service district may use  
17 any of its powers to carry out this purpose, unless otherwise  
18 prohibited by law. In addition, the passenger-only ferry service  
19 district may enter into: Contracts and agreements to operate  
20 passenger-only ferry service; public-private partnerships; and  
21 design-build, general contractor/construction management, or other  
22 alternative procurement processes substantially consistent with  
23 chapter 39.10 RCW.

24 (5) A passenger-only ferry service district may be dissolved by a  
25 majority vote of the governing body when all obligations under any  
26 general obligation bonds issued by the passenger-only ferry service  
27 district have been discharged and any other contractual obligations  
28 of the passenger-only ferry service district have either been  
29 discharged or assumed by another governmental entity.

30 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.57A  
31 RCW to read as follows:

32 (1) A passenger-only ferry service district may, as part of a  
33 passenger-only ferry investment plan, recommend some or all of the  
34 following revenue sources as provided in this chapter:

35 (a) A sales and use tax, as authorized in section 4 of this act;

36 (b) A parking tax, as authorized in section 5 of this act;

37 (c) Tolls for passengers, packages, and, where applicable,  
38 parking; and

1 (d) Charges or licensing fees for advertising, leasing space for  
2 services to ferry passengers, and other revenue generating  
3 activities.

4 (2) Taxes may not be imposed without an affirmative vote of the  
5 majority of the voters within the boundaries of the passenger-only  
6 ferry service district voting on a single ballot proposition to both  
7 approve a passenger-only ferry investment plan and to approve taxes  
8 to implement the plan. Revenues from these taxes and fees may be used  
9 only to implement the plan and must be used for the benefit of the  
10 residents of the passenger-only ferry service district. A district  
11 must contract with the department of revenue for the administration  
12 and collection of a sales and use tax as authorized in section 4 of  
13 this act. A district may contract with other appropriate entities for  
14 the administration and collection of any of the other taxes or  
15 charges authorized in this section.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.14  
17 RCW to read as follows:

18 Passenger-only ferry service districts providing passenger-only  
19 ferry service as provided in section 2 of this act may submit an  
20 authorizing proposition to the voters and, if approved by a majority  
21 of persons voting, fix and impose a sales and use tax in accordance  
22 with the terms of this chapter, solely for the purpose of providing  
23 passenger-only ferry service and associated services to support and  
24 augment passenger-only ferry service operation.

25 The tax authorized under this section is in addition to other  
26 taxes authorized by law and must be collected from those persons who  
27 are taxable by the state under chapters 82.08 and 82.12 RCW upon the  
28 occurrence of a taxable event within the taxing district. The maximum  
29 rate of the tax must be approved by the voters and may not exceed  
30 three-tenths of one percent of the selling price in the case of a  
31 sales tax or value of the article used in the case of a use tax.

32 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.80  
33 RCW to read as follows:

34 (1) Subject to the conditions of this section, a passenger-only  
35 ferry service district located in a county with a population of one  
36 million or less as of January 1, 2016, may fix and impose a parking  
37 tax on all persons engaged in a commercial parking business within  
38 its respective jurisdiction.

1 (2) In lieu of the tax in subsection (1) of this section, a  
2 passenger-only ferry service district located in a county with a  
3 population of one million or less as of January 1, 2016, may fix and  
4 impose a tax for the act or privilege of parking a motor vehicle in a  
5 facility operated by a commercial parking business. The passenger-  
6 only ferry service district may provide that:

7 (a) The tax is paid by the operator or owner of the motor  
8 vehicle;

9 (b) The tax applies to all parking for which a fee is paid,  
10 whether paid or leased, including parking supplied with a lease of  
11 nonresidential space;

12 (c) The tax is collected by the operator of the facility and  
13 remitted to the city, county, or passenger-only ferry service  
14 district;

15 (d) The tax is a fee per vehicle or is measured by the parking  
16 charge;

17 (e) The tax rate varies with zoning or location of the facility,  
18 the duration of the parking, the time of entry or exit, the type or  
19 use of the vehicle, or other reasonable factors; and

20 (f) Tax exempt carpools, vehicles with special license plates and  
21 parking placards for persons with disabilities, or government  
22 vehicles are exempt from the tax.

23 (3) The rate of the tax under subsection (1) of this section may  
24 be based either upon gross proceeds or the number of vehicle stalls  
25 available for commercial parking use. The rates charged must be  
26 uniform for the same class or type of commercial parking business.

27 (4) The passenger-only ferry service district levying the tax  
28 provided for in subsection (1) or (2) of this section may provide for  
29 its payment on a monthly, quarterly, or annual basis.

30 (5) The proceeds of the parking tax imposed by a passenger-only  
31 ferry service district under subsection (1) or (2) of this section  
32 must be used as provided in section 3 of this act.

33 (6) "Commercial parking business" as used in this section, means  
34 the ownership, lease, operation, or management of a commercial  
35 parking lot in which fees are charged. "Commercial parking lot" means  
36 a covered or uncovered area with stalls for the purpose of parking  
37 motor vehicles.

38 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.57A  
39 RCW to read as follows:

1 (1) To carry out the purposes of this chapter, a passenger-only  
2 ferry service district may issue general obligation bonds, not to  
3 exceed an amount, together with any other outstanding nonvoter-  
4 approved general obligation indebtedness, equal to one and one-half  
5 percent of the value of the taxable property within the area, as the  
6 term "value of the taxable property" is defined in RCW 39.36.015. A  
7 passenger-only ferry service district may also issue general  
8 obligation bonds for capital purposes only, together with any  
9 outstanding general obligation indebtedness, not to exceed an amount  
10 equal to five percent of the value of the taxable property within the  
11 area, as the term "value of the taxable property" is defined in RCW  
12 39.36.015, when authorized by the voters of the area pursuant to  
13 Article VIII, section 6 of the state Constitution.

14 (2) General obligation bonds with a maturity in excess of twenty-  
15 five years may not be issued. The governing body of the passenger-  
16 only ferry service district must by resolution determine for each  
17 general obligation bond issue the amount, date, terms, conditions,  
18 denominations, maximum fixed or variable interest rate or rates,  
19 maturity or maturities, redemption rights, registration privileges,  
20 manner of execution, manner of sale, callable provisions, if any,  
21 covenants, and form, including registration as to principal and  
22 interest, registration as to principal only, or bearer. Registration  
23 may include, but not be limited to: (a) A book entry system of  
24 recording the ownership of a bond whether or not physical bonds are  
25 issued, or (b) recording the ownership of a bond together with the  
26 requirement that the transfer of ownership may only be effected by  
27 the surrender of the old bond and either the reissuance of the old  
28 bond or the issuance of a new bond to the new owner. Facsimile  
29 signatures may be used on the bonds and any coupons. Refunding  
30 general obligation bonds may be issued in the same manner as general  
31 obligation bonds are issued.

32 (3) Whenever general obligation bonds are issued to fund specific  
33 projects or enterprises that generate revenues, charges, user fees,  
34 or special assessments, the passenger-only ferry service district may  
35 specifically pledge all or a portion of the revenues, charges, user  
36 fees, or special assessments to refund the general obligation bonds.  
37 The passenger-only ferry service district may also pledge any other  
38 revenues that may be available to the district.

1           (4) In addition to general obligation bonds, a passenger-only  
2 ferry service district may issue revenue bonds to be issued and sold  
3 in accordance with chapter 39.46 RCW.

4           NEW SECTION.   **Sec. 7.** This act takes effect January 1, 2016.

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