

## Motion No. M2022-35

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing legal action to obtain a refund from the Washington State Department of Licensing of collection fee overpayments.

### Background

Sound Transit contracts with the Washington State Department of Licensing (DOL) to collect its motor-vehicle excise tax. Before the 2020-2021 fiscal year, the DOL charged Sound Transit what it determined to be its actual costs to collect and remit the tax. For the year 2020, DOL estimated its annual collection cost to be approximately \$160,000.

During the 2020 legislative session, the legislature included a provision in the transportation budget that directed the DOL to charge Sound Transit substantially more than was agreed to between the two agencies for the 2020-21 fiscal year. The DOL began withholding the excess amount in July 2020.

In the 2021 legislative session, Sound Transit notified legislators and the Governor's Office that the fee imposed in the budget was excessive, and that the budget provision violated the State Constitution. In response, the legislature reduced the fee by fifty percent and directed DOL to commission a study to determine its total cost to collect Sound Transit's tax. After the fee reduction, the DOL was still required to charge Sound Transit substantially more than its actual collection costs.

In January 2022, DOL reported to the legislature that an independent cost study concluded that the maximum total cost that could be reasonably charged for its tax collection services was \$668,000 per year. Based on the independent cost study, the legislature reduced the fee to \$668,000 per year in its 2022 update to the transportation budget. But the legislature did not authorize DOL to refund any portion of Sound Transit's excessive payments in the 2020-2021 fiscal year.

Because the legislature did not authorize DOL to refund the substantial overpayment in the 2020-2021 fiscal year, litigation is necessary to obtain a refund of the fees that exceed the \$668,000/year amount that the DOL cost study determined to be the annual cost to collect Sound Transit's motor-vehicle excise tax.

### Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that legal counsel is authorized to commence legal action against the State of Washington, and its Department of Licensing, to seek a refund of the tax collection payments that exceed the Department's actual collection costs.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 26, 2022.

  
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Kent Keel  
Board Chair

### Attest:

  
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Kathryn Flores  
Board Administrator