

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2004-97**

**2005 State Legislative Program**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Executive Committee	10/7/04	Discussion/Possible Action to Recommend Board Approval	<b>Ric Ilgenfritz, Chief of Corporate and Strategic Communications Officer</b>	(206) 398-5239
Board	10/14/04	Action	Ann McNeil, Acting Manager, Government Relations	(206) 398-5298

**ACTION**

Adopting the Sound Transit 2005 State Legislative Program and directing staff to continue to evaluate issues for impact to the agency as it continues to successfully implement the regional transportation system.

**KEY FEATURES**

This action would authorize Sound Transit staff and consultants in Olympia to advocate and/or pursue the following positions during the upcoming state legislative session:

- Seek legislative language to clarify that Sound Transit should not be subject to sales and use tax on the maintenance portion of Sound Transit's operations and maintenance agreements with other public entities.

The Department of Revenue has determined that the maintenance portion of Sound Transit's operations and maintenance agreements with our partner public agencies is subject to a sales and use tax. This determination is expected to cost the agency as much as \$500,000 a year. Research to date shows that many other public agency O&M contracts are not subject to this same tax.

- Seek legislative language that would exempt Sound Transit, as the fiscal agent for the regional Smart Card, from returning the value of public transportation fares purchased but not used to the state as required under Washington State Unclaimed Property rules.

As the fiscal agent for the regional Smart Card, Sound Transit would like this exemption to be in effect when Smart Card is implemented in the region in 2006. If approved, the exemption would allow Sound Transit to return unused transit fares from inactive Smart Cards to Smart Card partner agencies – King County Metro, Pierce Transit, Community Transit, Everett Transit, Kitsap Transit, Washington State Ferries, and Sound Transit. The value of the unused funds during early implementation of Smart Card has not yet been estimated, but the agency would like to secure the exemption as early as possible. During the 2004 legislative session, the retail industry was granted this exemption for unused gift cards.

- Clarify legislation that allows Sound Transit to utilize lease-leaseback financial transactions.

In 2000, Sound Transit sought and obtained state legislation allowing the agency to use lease-leaseback financial transactions. Based on this legislation, Sound Transit entered into a lease-leaseback transaction for Sounder commuter rail cars and locomotives. In executing this transaction, the Department of Revenue determined that the 2000 legislation did not clearly and permanently exempt Sound Transit from state taxes as intended by the legislation. The Department of Revenue issued a one-time exemption for the transaction that allowed Sound Transit to close the transaction. At this time, the Federal Transit Administration has put a hold on the use of these transactions by transit agencies, but if federal policy changes, Sound Transit would like to be in a position to consider the use of this transaction for the procurement of the agency's rolling stock.

- Support a balanced statewide transportation investment strategy package that addresses critical transportation infrastructure needs.

During 2004, Sound Transit joined in very positive discussions in this region about the importance of presenting a balanced package of transportation improvements to the citizens, and the Sound Transit Board considered joining with the Regional Transportation Investment District in a joint ballot. Since that time, the Sound Transit Board has continued to express support for a balanced approach to transportation revenues and project planning and implementation.

- Support legislative efforts of Sound Transit's partner agencies that would facilitate the cost effective delivery of transit projects and services.

Sound Transit has historically supported the legislative efforts of our partners that facilitate the cost effective delivery of transit projects and services.

- Oppose legislation which amends Sound Transit enabling statutes without the consent and advice of the Sound Transit Board of Directors, and oppose legislation that would increase the costs of transit improvements and services or otherwise impair the agency's ability to deliver its voter-approved regional transportation program.

Having served more than 30 million customers in five years of service, and with many capital projects built or under construction, the Sound Transit Board will continue to oppose legislation that would change the agency's enabling statutes, or increase the cost of delivering Sound Transit's regional projects and services.

- Monitor coordination legislation that might affect Sound Transit projects.

Based on on-going discussions in the region, it is possible that legislation could be introduced directing coordination of transit agencies in the Central Puget Sound region. Sound Transit welcomes greater coordination between systems and service providers, and the agency will monitor proposed legislation to insure it does not impact the agency's ability to continue to deliver on its regional projects and services.

## **BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

## **BUDGET DISCUSSION**

Adoption of the State Legislative Program does not create a budget or financial impact to the agency or any of its programs. Advocacy of the State Legislative Program is fully funded through the Communications Department Budget.

## **REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS**

There are no impacts to the financial plan. Advocacy of the State Legislative Program is fully funded through the Communications Department budget.

## **M/W/DBE – SMALL BUSINESS PARTICIPATION**

Not applicable to this action.

## **HISTORY OF PROJECT**

Annually, the Sound Transit Board adopts a State Legislative Program. The program has typically included issues and policy guidance to staff and contract lobbyists to assist them in representing the agency's interests during the legislative session.

## **CONSEQUENCES OF DELAY**

Sound Transit's interests are better served at the State Legislature if the Board of Directors adopts a State Legislative Program for the legislative session. Delaying adoption until the start of the session could minimize effective advocacy.

## **PUBLIC INVOLVEMENT**

Not applicable to this action.

## **LEGAL REVIEW**

JW 9/28/04

## **SOUND TRANSIT**

### **MOTION NO. M2004-97**

A motion of the Board of the Central Puget Sound Regional Transit Authority adopting the 2005 Sound Transit State Legislative Program and directing staff to (1) further evaluate issues for impact to Sound Transit; and (2) regularly report status of and seek policy guidance on legislative issues.

#### **Background:**

State law established the basis for the creation of Sound Transit, and in 1996, voters in this region approved a package of regional transportation investments for Sound Transit to build and implement. Significant progress has been made in building and implementing the regional transportation system with more than 30 million customers served and many capital projects already built and more under construction.

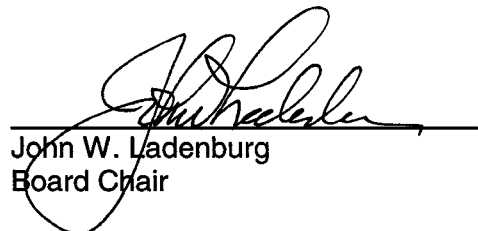
The Sound Transit Board annually adopts a state legislative program that provides guidance to Sound Transit staff and consultants in Olympia in preparation for the upcoming session. Following is the 2005 State Legislative Program.

- Seek legislative language to clarify that Sound Transit should not be subject to sales and use tax on the maintenance portion of Sound Transit's operations and maintenance agreements with other public entities.
- Seek legislative language that would exempt Sound Transit, as the fiscal agent for the regional Smart Card, from returning the value of public transportation fares purchased but not used to the state as required under Washington State Unclaimed Property rules.
- Clarify legislation that allows Sound Transit to utilize lease-leaseback financial transactions.
- Support a balanced statewide transportation revenue package that addresses critical transportation infrastructure needs.
- Support legislative efforts of Sound Transit's partner agencies that would facilitate the cost effective delivery of transit projects and services.
- Oppose legislation which amends Sound Transit enabling statutes without the consent and advice of the Sound Transit Board of Directors, and oppose legislation that would increase the costs of transit improvements and services or otherwise impair the agency's ability to deliver its voter-approved regional transportation program.
- Monitor coordination legislation that might affect Sound Transit projects.


**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority adopting a 2005 State Legislative Program and directing staff to (1) further evaluate issues for impact to Sound Transit; and (2) regularly report status of and seek policy guidance on legislative issues.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 14, 2004.

  
John W. Ladenburg  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator