# IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON IN AND FOR THE COUNTY OF KING

GARFIELD COUNTY
TRANSPORTATION AUTHORITY;
KING COUNTY; CITY OF SEATTLE;
WASHINGTON STATE TRANSIT
ASSOCIATION; ASSOCIATION OF
WASHINGTON CITIES; PORT OF
SEATTLE; INTERCITY TRANSIT;
AMALGAMATED TRANSIT UNION
LEGISLATIVE COUNCIL OF
WASHINGTON; and MICHAEL
ROGERS,

No.

COMPLAINT FOR DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF

Plaintiffs,

v.

STATE OF WASHINGTON,

Defendant.

# I. INTRODUCTION

Whether passed by the Legislature or by the people, all laws in the State of Washington must comply with our Constitution. Initiative No. 976 ("I-976") fails this test. As with prior initiatives by the same sponsor, I-976 is a poorly drafted hodge-podge that violates multiple provisions of the Constitution. I-976 violates the single subject rule of article II, section 19,

which prevents unscrupulous initiative sponsors from using seemingly popular provisions to gain passage of unpopular ones. I-976 violates the separate subject-in-title requirements of article II, section 19 by misleading voters on the true nature and impact of the Initiative. I-976 violates article II, section 37 through the implied repeal of numerous statutes without disclosing them to voters. I-976 violates the fundamental rule in our Constitution that matters of local concern should be decided locally and even overrides election results approving local taxes. I-976 violates due process, privileges and immunities, and separation of powers principles, and is arbitrary and capricious. I-976 further impairs contractual obligations and expectations in violation of article I, section 23. The end result of this unconstitutional initiative, I-976, is to decimate revenue and funding for crucial local projects, particularly those related to transportation and transit. For these and other reasons, Plaintiffs respectfully request a judgement declaring I-976 unconstitutional and permanently enjoining I-976 from taking effect, or otherwise being enforced.

### II. PARTIES

1. Plaintiff Garfield County Transportation Authority ("GCTA") provides transit services in Garfield County, the smallest county in Washington State. GCTA operates with an annual budget of approximately \$350,000 and relies heavily on state grants for operations and capital improvements. GCTA provides many lifeline transportation services for individuals in Garfield County, including seniors, the disabled, and disadvantaged persons. These lifeline services include transporting individuals to and from healthcare appointments, senior services, mental health and social services, and a shopper shuttle that travels to Clarkston, Washington, so that individuals can secure groceries and prescription drugs. I-976, if allowed to take effect, is likely to result in at least a 50% reduction in services in Garfield County.

2. Plaintiff King County is a Home Rule Charter County in the State of Washington. Through its various departments and partnerships with other municipalities, King County provides transportation, roads, parks, and licensing services that will be directly and adversely impacted if I-976 takes effect. For the King County Metro Transit Department ("Metro") alone, the provisions of I-976 will result in the loss of funding for 175,000 annual transit service hours funded by Seattle's Transportation Benefit District ("TBD"). Between 2020 and 2025, the Metro Transit Department will likely also experience about \$22.8 million in cuts to Regional Mobility Grant Program awards, \$29.2 million in cuts for grants to fund other transit projects (such as Rapid-Ride investments in Burien, Kent, Tukwila and Seattle), \$36.3 million in cuts to the Access paratransit program, \$7.19 million to the vanpool program and many other harms. The County Road Services division is responsible for maintaining over 1,500 miles of roads and 182 bridges within unincorporated King County, which are a critical element of the regional transportation system. I-976 will exacerbate the existing dire situation faced by the County to maintain and preserve the road network. The King County Parks Department will also experience cuts and project delays due to important projects currently pending with the Washington State Department of Transportation ("WSDOT"). The King County Records and Licensing Division may lose up to \$8.5 million in annual funding due to the elimination of various licensing fees and charges. In short, King County faces substantial harm from this unconstitutional initiative, even though the voters of King County overwhelmingly rejected I-976 at the polls.

3. Plaintiff City of Seattle is a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington. In 2010, the City of Seattle created a TBD. In 2015, via ordinance and pursuant to RCW 36.74, the City assumed the authority for

governing the TBD. Seattle's TBD provides vital funding for critical transportation improvements, as well as important expansions to both transit services and access to those services. As a result of I-976, the City of Seattle faces a direct loss of \$32.8 million annually through local licensing fees. Additionally, another \$35 million in funds are in jeopardy, through potential loss of per capita Multimodal Account funds and Regional Mobility Grant Programs. Like King County, the City of Seattle faces substantial harm from this unconstitutional initiative. The voters of Seattle not only overwhelmingly rejected I-976 at the polls, they have, in the past, authorized significant voter-approved charges.

4. Plaintiff Washington State Transit Association ("WSTA") is a nonprofit corporation, representing 31 public transit systems in the state and the WSDOT Public Transportation Division. WSTA's associate members include state and local agencies and organizations, as well as taxpayer vendors, consultants, and individuals. WSTA's mission is to promote and enhance public transit for the citizens of the State of Washington. WSTA advocates for state legislation beneficial to public transit, fosters the professional growth and development of transit professionals, and provides outreach and education about public transportation on behalf of its members. WSTA's public transit agency members serve rural, small urban, urban and regional areas and provide 238 million passenger trips annually, including over 6 million trips by those with special transportation needs. These transit services include fixed-route buses, paratransit (door-to-door or shared-ride service), vanpools, light rail and commuter rail. I-976, if allowed to take effect, would substantially harm WSTA and its members by eliminating essential funding necessary for WSTA's members to provide these critical transit services.

- 5. Plaintiff Association of Washington Cities ("AWC") is a non-profit corporation that represents Washington's cities and towns before the State Legislature, the State Executive branch and regulatory agencies. Although membership in the AWC is voluntary, the association includes 100% participation from Washington's 281 cities and towns. Sixty of these 281 cities and towns have locally adopted license fees through their TBD. In 2018, cities raised \$58.2 million in revenue through these locally adopted fees dedicated to transportation needs. I-976, if allowed to take effect, would substantially harm AWC and its members by eliminating this funding. The Office of Financial Management estimated that the impacts to TBDs would be \$349 million over the next six years.
- 6. The Port of Seattle ("Port") was founded in 1911 by a vote of the people and is a Washington Port District duly organized and existing under and by virtue of the laws of the State of Washington. The Port's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner. The Port has invested nearly \$500 million in transportation improvements in King County over the past 20 years and works in collaboration with partner agencies to leverage investments, develop transportation systems and maintain freight mobility, which are key to the region's long-term vitality. I-976 will cause reductions in transit services and road improvement projects, which will significantly increase congestion throughout the region and interfere with transportation routes that that serve cargo terminals, Sea-Tac Airport, cruise terminals, Fisherman's Terminal, industrial lands and other Port of Seattle facilities. Avoiding these impacts is critical for the Port of Seattle to continue serving as a leader in moving people, freight, and cargo in the region, across the country and around the world.

- 7. Plaintiff Intercity Transit ("IT") provides transit services in Lacey, Olympia, Tumwater, Yelm and their surrounding urban growth areas. IT operates 21 bus routes and Express service to Tacoma, along with paratransit and vanpool programs. Combined, these services provide 4.5 million passenger rides a year. IT's mission is to provide and promote transportation choices that support an accessible, sustainable, livable, healthy, prosperous community. I-976, if allowed to take effect, would substantially harm IT's programs and services. I-976 would reduce operating funds for Special Needs Transportation and fixed route service and significantly reduce, if not totally eliminate, intercountry bus service between Thurston and Pierce County. I-976 also would reduce capital funding for Special Needs Transportation, fixed route, vanpool and much needed capital construction projects.
- 8. Plaintiff Amalgamated Transit Union Legislative Council of Washington ("ATULC") exists under the authorization of the Constitution of the Amalgamated Transit Union International ("ATU"), which represents employees in the public transit industry. The ATULC protects the rights of members of the ATU through the combined efforts of a council composed of the local unions in Washington and by cooperating with the Washington State Labor Council and other Labor Councils. The mission of the ATULC includes encouraging political action on matters that affect the livelihood of the ATU's members and create a more favorable sentiment towards the Transportation Industry. The impact of I-976 on ATU will be significant. Transit agencies in the state will lose hundreds of millions of dollars, which will result in existing service being cut, and elimination of any future service increases. This will result in a loss of a substantial number of family wage jobs held by ATU's members
- 9. Plaintiff Michael Rogers is an individual with cerebral palsy who resides in Lacey, Washington. Mr. Rogers, who uses a wheelchair, relies on paratransit and transit services

to travel to his full-time and his part-time seasonal jobs, medical appointments, grocery shopping, community activities, volunteer undertakings, and to visit friends and family. On weekends during baseball season, he uses three different transit systems to commute from his residence to his dream job working for the Seattle Mariners. Mr. Rogers faces substantial harm from I-976, which will eliminate critical funding for the services on which Mr. Rogers relies for basic mobility in his daily life.

10. Defendant State of Washington ("State") is tasked with implementing and enforcing the provisions of I-976. Through its Department of Licensing, it collects all vehicle licensing fees, motor vehicle excise taxes ("MVET"), and other charges associated with motor vehicles, including the TBD vehicle licensing fee ("VLF"). The State also collect sales tax on sales of motor vehicles. The State and the Department of Licensing have offices and transact business in King County. Under RCW 7.24.110, the State has an interest in the declaration sought by Plaintiffs and the statutory right to defend the constitutionality of the I-976.

# III. JURISDICTION AND VENUE

- 11. This Court has jurisdiction over this matter pursuant to RCW ch. 2.08, RCW ch. 7.24, and RCW 7.40.010.
- 12. Venue is proper in this Court pursuant to RCW 4.92.010 because the residence or principal place of business of one or more of the Plaintiffs is in King County, Washington.

#### IV. STANDING

13. Plaintiffs include municipalities, individual Washington taxpayers and taxpayer organizations that represent their own and their members' interests. Plaintiffs have standing to bring this action on multiple alternative grounds.

- 14. Plaintiffs have standing to challenge the unconstitutionality of I-976 as taxpayers and/or representatives of taxpayers. Municipal Plaintiffs represent the interests of their residents, who are taxpayers. The individual Plaintiffs and the organizational Plaintiffs' members include taxpayers who reside and own real property within the state and are registered voters in the state. I-976 will result in the unconstitutional expenditure of state funds. Such unconstitutional expenditures will continue until I-976 is declared unconstitutional and its implementation enjoined.
- 15. On November 8, 2019, Plaintiffs made a demand upon Attorney General Bob

  Ferguson to investigate the constitutional violations arising from I-976 and to initiate legal

  proceedings on behalf of all Washington taxpayers. A copy of this demand is attached as Exhibit

  A. To date, Attorney General Ferguson has not initiated an investigation or legal proceedings.
- 16. As alleged herein, Plaintiffs also are harmed directly and individually by the unconstitutional provisions of I-976. For example, Plaintiffs include cities, counties, and transit agencies that will experience substantial reductions in available funding for their transit services and transportation projects. Plaintiffs also include individuals, governments, and organizations who rely on transit services and efficient and effective transportation to conduct their daily business.
- 17. This Court's grant of declaratory and injunctive relief will redress directly the harms caused to Plaintiffs by I-976. Plaintiffs also have standing because this matter is of serious public importance and immediately affects substantial segments of the population, and its outcome will have a direct bearing on education, commerce, finance, labor, or industry generally.

# V. FACTS

- 18. In order to fund local transportation infrastructure and transit services, Washington allows local jurisdictions to form TBDs. Under RCW 36.73.010: "It is the intent of the legislature to encourage joint efforts by the state, local governments, and the private sector to respond to the need for those transportation improvements on state highways, county roads, and city streets."
- 19. Nearly 110 jurisdictions have formed TBDs throughout the state to respond to local needs for transit and transportation services. More than half of these TBDs have exercised the authority, granted by law, through the local vote of the jurisdiction's governing body, to fund the TBD with VLF revenues. These VLF revenues range from \$20 to \$40 per motor vehicle registration per year. In King County, 13 cities use the VLF to fund transit services and road services. Other TBDs similarly fund local improvements such as road repair and maintenance, transit systems, and sidewalks with VLF funds. By repealing the statutory option for VLF funding regardless of approval though a vote of the jurisdiction's governing body or direct approval by the voters I-976 eliminates \$58 million in current TBD funding, which substantially harms the ability of TBDs to provide necessary local services.
- 20. To meet the transportation and transit needs of a large urban city, per motor vehicle registration, the City of Seattle TBD receives \$20 authorized by its TBD governing body. Additionally, in 2014, City of Seattle voters approved an additional \$60 Vehicle License Fee ("VLF") by a wide margin. The combined \$80 VLF raises approximately \$32.8 million annually. In response to a letter sent by the City of Seattle, Washington Department of Licensing Director Teresa Berntsen confirmed that her agency will fully comply with I-976 and "stop collecting the City of Seattle's Transportation Benefit District Vehicle Licensing Fee as of the effective date of the Initiative."

  See attached Exhibit B. The loss of these vital local VLF

revenues, the majority of which were approved by voters, will result in drastic cuts in a variety of critical areas, three of which are outlined here. VLF revenues generate approximately 45% (\$24 million annually) of the City of Seattle's contract with King County Metro to provide transit service to Seattle residents. The Seattle TBD program has resulted in 8,000 new weekly trips, enhanced off-peak transit options critical to reducing congestion and increasing equitable access, and provided other benefits. Additionally, VLF revenue finances ORCA Opportunity programs, providing approximately 14,000 ORCA cards to residents of multiple Seattle Housing Authority properties, seniors, and students, with 1.77 million trips taken during the last school year alone. The City of Seattle also uses VLF revenue for approximately \$8 million in vital roadway maintenance and preservation, roadway safety enhancements, transit corridor projects, and bicycle and pedestrian improvements.

- 21. Many jurisdictions, including several Plaintiffs, regularly obtain grant funding from Washington's Multimodal Account. This account is funded primarily by various vehicle license fees and a .3% sales tax on vehicle sales. The provisions of I-976, which eliminate these sources of revenue, will cause an estimated \$1.5 billion cut to the Multimodal Account over the next six years. Other dedicated state funds will lose an estimated \$421 million during the same time frame. The substantial reduction in these funds would prevent the completion of necessary local transportation and transit projects throughout the state.
- 22. In light of the passage of I-976, Governor Inslee has already directed WSDOT to postpone all projects not yet underway. The Governor has further directed other state agencies that receive transportation funding, including the Washington State Patrol and Department of Licensing, to defer all non-essential spending. According to the Governor, it is "clear that this vote [in favor of I-976] means there will be adverse impacts on our state transportation system."

- 23. The Central Puget Sound Regional Transit Authority ("RTA"), commonly known as Sound Transit, has pledged its share of the MVET to pay debt service on bonds used to finance the light rail system. I-976 either purports to eliminate or reduce the RTA MVET. In addition, I-976 purports to change how vehicles are valued for MVET purposes. If such provisions are lawful and enforceable, they would substantially impact transit services within the Sound Transit RTA district.
- 24. Although I-976 failed in King, Whatcom, Thurston, Jefferson, Island and San Juan counties, a majority of Washington voters adopted it in the November 2019 general election. The self-proclaimed title of the I-976 is "Bring Back Our \$30 Car Tabs." I-976, §17.
- 25. The ballot title written by the Office of the Attorney General placed the following proposition before the voters:

Initiative Measure No. 976 concerns motor vehicle taxes and fees.

This measure would repeal, reduce, or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter-approved charges; and base vehicle taxes on Kelley Blue Book value.

- 26. The explicitly stated purpose of I-976 is to "limit state and local taxes, fees, and other charges relating to motor vehicles." I-976, §1. Specifically, I-976 "limit[s] annual motor vehicle fees to \$30, except voter approved charges." *Id.*
- 27. I-976 adds a new section to RCW ch. 46.17 that imposes a hard cap on vehicle registration and annual renewal fees: "State and local motor vehicle license fees may not exceed \$30 per year for motor vehicles, regardless of year, value, make or model." I-976, §2(1). The term "state and motor vehicle license fees' means *the general license tab fees* paid annually for licensing motor vehicles . . . and *do not (sic) include charges approved by voters after the*

effective date of this section." Id. at §2(2) (emphasis added). The \$30 motor vehicle license fee restriction applies to "initial" registration and each annual "renewal vehicle registration." Id.

- 28. Sections 3 and 4 of I-976 set the vehicle license fee at \$30 for many non-commercial vehicles. Although the I-976 directly addresses some general license registration fees in RCW ch. 46.17, it is silent on others.
- 29. In addition to limiting the vehicle license fee to \$30 for many vehicles, I-976 also eliminates the electric vehicle mitigation fee established by RCW 46.17.323. Under existing law, this mitigation fee was imposed to address "the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system." RCW 46.17.323 (3)(a). It is "separate and distinct from other vehicle license fees." *Id*.
- 30. Under the heading, "Repeal and Remove Authority to Impose Certain Vehicle
  Taxes and Charges," section 6 of I-976 repeals a number of statutes in total. I-976 repeals RCW
  46.17.365, which required payment of a "weight fee in addition to all other taxes and fees
  required by law" and authorized WSDOT to adopt rules for determining the weight of certain
  vehicles. *Id*.
- 31. I-976 also repeals RCW 82.80.130, which allowed Public Transportation Benefit Areas to submit a proposed MVET of .4% to voters for passenger ferry service. I-976, § 6.
- 32. For TBDs, I-976 repeals RCW 82.80.140, which authorized a TBD to impose an "annual vehicle fee" not to exceed \$100 for each vehicle. Contrary to claims in the ballot title and the I-976 text, the complete repeal of RCW 82.80.140 leaves TBDs without the option to collect any VLF and, thus, voters have no option to choose to exceed the I-976 \$30 license fee cap through a majority vote imposing a higher VLF. Under RCW 36.73.040, a TBD is

authorized only to impose a sales tax under RCW 36.73.065, a vehicle fee under RCW 82.80.140, fees or charges under RCW 36.73.120 (building fees), and vehicle tolls on roads. Because the I-976 repeals RCW 82.80.140, there is no longer any authorization for the TBD to obtain funding through vehicle fees, regardless of a public vote.

- 33. I-976, section 7 amends RCW 82.08.020. The amendment would eliminate an additional .3% sales tax on vehicle sales.
- 34. I-976, section 8 adds a new section to RCW ch. 82.44, which states that "any motor vehicle excise tax" must be calculated using the "base model Kelley Blue book value." I-976, section 9 amends RCW 82.44.065 to implement the use of this new Kelley Blue Book valuation method.
- 35. I-976, section 10 amends RCW 81.104.140, which addresses dedicated funding sources for high capacity transportation services. The amendments purport to preclude RTA agencies from levying and collecting the special MVET authorized by RCW 81.104.160. I-976, section 11 then repeals RCW 82.44.035, which established the current method of valuing vehicles, and RCW 81.104.160, which authorized RTAs covering counties with populations exceeding 1.5 million people to collect an excise tax of up to .8% when approved by voters.
- 36. I-976, section 12 adds a new section to chapter 81.112 RCW, which states that any RTA collecting taxes under RCW 81.104.160 "must fully retire, defease or refinance any outstanding bonds" if RCW 81.104.160 revenues are pledged, and defeasement or retirement is possible under the bond terms.
- 37. Although repealed under I-976, section 11, RCW 81.104.160 is also *amended* by I-976, section 13 to purportedly reduce the authorized MVET to .2%. The question of which section prevails over the other is not clear.

- 38. I-976, section 14 requires liberal construction "to effectuate the intent, policies, and purposes of this act."
  - 39. I-976, section 15 provides for severability.
- 40. I-976, section 16 establishes an effective date for certain sections of the Initiative. Under this section, I-976 sections 10 and 11 take effect on the date that the RTA complies with section 12 of I-976. But I-976, section 13 takes effect April 1, 2020, if I-976, sections 10 and 11 have not taken effect by March 31, 2020. The RTA is supposed to inform authorities on effective dates.
- 41. Under article II, section 1(d) of the Constitution, initiatives adopted by the voters "shall be in operation on and after the thirtieth day after the election at which it is approved." With the exception of the sections discussed in the preceding paragraph, because I-976 was passed on November 5, 2019, it is scheduled to become effective on December 5, 2019.

#### VI. FIRST CAUSE OF ACTION: DECLARATORY JUDGMENT

- 42. Plaintiffs repeat and re-allege each of the foregoing allegations as though fully set forth herein.
- 43. For reasons including but not limited to those stated herein, an actual dispute exists between Plaintiffs and Defendant, which parties have genuine and opposing interests, which interests are direct and substantial, and of which a judicial determination would be final and conclusive.
  - 44. I-976 violates multiple provisions of the Constitution, including but not limited to:
  - a. Article II, section 19, the Single Subject Rule, because I-976 includes multiple impermissible subjects;

- b. Article II, section 19, the Subject-in-Title Rule, because the title for I-976 did not fairly apprise voters of the subjects of I-976, and in fact, affirmatively deceived voters by representing that they retained the right to approve VLFs beyond the I-976 \$30 cap for important local projects even though I-976 repealed the statutory basis for such a vote;
- c. Article II, section 37, the Improper Amendment Rule, because I-976 is not a complete act and it improperly amends existing law without setting forth those amendments in full;
- d. Provisions related to home rule and local control, including article I, section 19 free elections, because I-976 subjects local issues to a statewide vote and overrides the results of a local election;
- e. Provisions related to due process and privileges and immunities, and because I-976 is arbitrary and capricious;
- f. Provisions related to the separation of powers, because I-976 encompasses nonlegislative provisions and exceeds the scope of the initiative power; and
- g. Article I, section 23 Impairment of Contracts, because I-976 substantially impairs existing contracts, without lawful justification.
- 45. Plaintiffs are, therefore entitled to a declaratory judgment that I-976 is unconstitutional, as well as such other and further relief as may follow from the entry of such a declaratory judgment.

# VII. SECOND CAUSE OF ACTION: INJUNCTIVE RELIEF

- 46. Plaintiffs repeat and re-allege each of the foregoing allegations as though fully set forth herein.
- 47. For reasons including but not limited to those stated herein, Plaintiffs are entitled to prevent and permanently enjoin I-976 from taking effect or being enforced by any Washington official.
- 48. Plaintiffs have clear legal rights to prevent and enjoin the effectiveness or enforcement of I-976 as described herein, which rights are and continue to be invaded by Defendant, resulting in actual and continuing injury. No adequate remedy at law exists to remedy this invasion of Plaintiffs' rights. Further, the balance of the equities favors the issuance of an injunction.
- 49. Plaintiffs are, therefore, entitled to an injunction restraining and prohibiting further enforcement of I-976.

# VIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs request the following relief:

- A. That the Court enter a declaratory judgment that I-976 violates the Constitution;
- B. Such other and further relief as may follow from the entry of a declaratory judgment;
  - C. Entry of an injunction prohibiting the implementation and enforcement of I-976;
- D. Reasonable attorney's fees, expenses and costs, to the fullest extent allowed by law and equity; and
  - E. Any further relief as this Court may deem necessary and proper.