

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of City Programs Funded by the Vehicle License Fee and Washington State Initiative 976		
DEPARTMENT:	Public Works		
PRESENTED BY:	Randy Witt, Public Works Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

On March 19, 2018, a state-wide initiative to 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 was filed with the Washington State Secretary of State. The Secretary of State declared that enough valid signatures were submitted for the initiative and that the measure was certified to the legislature on January 15, 2019. The Washington State Legislature adjourned early this year without acting on Initiative 976 (I-976), thereby certifying it for the ballot in November 2019.

The City currently imposes a \$40 vehicle license fee (VLF) per year on all vehicles registered in Shoreline. The initial \$20 vehicle license fee for transportation improvements was enacted in 2009, and the second \$20 to support the repair and maintenance of the City’s sidewalk network was enacted in 2018. At the time of enactment, the initial \$20 VLF was anticipated to generate approximately \$600,000 annually. The initial \$20 VLF has helped fund the City’s Annual Road Surface Maintenance (ARSM) program. The second \$20 was anticipated to generate an additional \$830,000 annually. With the previous \$20 vehicle license fee, a total of approximately \$1,660,000 is generated annually in VLF in Shoreline.

If passed by the voters in the general election this fall, I-976 would significantly disrupt funding of roadway and sidewalk preservation projects and reduce funds for new transportation projects in the City as well as regionally. Tonight, the City Council will discuss the impacts to the City transportation projects if I-976 passes and determine if there is interest in taking a formal position on the Initiative.

RESOURCE/FINANCIAL IMPACT:

Passage of I-976 would reverse the City Council actions that implemented a \$20 VLF in 2009 that supports the City’s pavement preservation program, and the \$20 VLF in 2018 to support the repair and maintenance of the City’s sidewalk network. In 2019, in total, the VLFs are estimated to generate approximately \$1,452,500 due to a partial year collection of the sidewalk VLF. In 2020, the VLFs are estimated to generate

approximately \$1,660,000. A similar amount of annual revenue from the total \$40 VLF would continue into the future.

RECOMMENDATION

Tonight, the City Council will discuss impacts to the City transportation projects if I-976 is approved by Washington State voters. Staff recommends that the Council consider adoption of a resolution in opposition to I-976, given the anticipated impacts to the City's funding of the ARSM and Sidewalk Rehabilitation programs. If there is interest in taking a formal position on the Initiative, staff are prepared to return on August 12, 2019 with a Resolution for Council consideration.

Approved By: City Manager ***DT*** City Attorney ***MK***

BACKGROUND

Initiative 976 (I-976) touches on several City Council actions related to Shoreline's Transportation Benefit District, policies and budget. I-976 will also impact funding for State and Sound Transit projects that support transportation in Shoreline and around the region. These are discussed below.

Shoreline's Transportation Benefit District (TBD)

Consistent with RCW 36.73, the Shoreline City Council created a Transportation Benefit District (TBD) in June 2009 for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements that are in the City's transportation plan. The TBD first levied a \$20 per vehicle per year VLF for all vehicles registered in Shoreline in 2009 to provide revenue to support the City's Annual Road Surface Maintenance (ARSM) program. In 2018 the TBD levied an additional \$20 per vehicle per year VLF to provide revenue to support the City's Sidewalk Rehabilitation program.

The total VLF levied by the City is \$40 per vehicle per year. The VLFs are collected by the Washington State Department of Licensing and is expected to generate approximately \$1,660,000 in 2020 and a similar amount annually thereafter.

\$20 Vehicle License Fee for Street Maintenance (2009)

In 2009, the City's resident surveys consistently ranked transportation system maintenance and improvements as very important. The City's long-term financial projections indicated that current revenues would not be adequate to maintain the current level of funding for critical City services including those provided in the City's Street Fund and the pavement management program

A Citizen's Advisory Committee recommended that the City Council form a TBD and adopt the \$20 vehicle license fee to fund transportation system maintenance and improvements. At that time staff estimated that the \$20 vehicle license fee would generate approximately \$600,000 annually. Revenues generated by the TBD are used for transportation improvements that preserve, maintain and operate the existing transportation infrastructure of the City and any other transportation improvements that are consistent with existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels.

On July 13, 2009, the Shoreline Transportation Benefit District Board adopted Ordinance No. 1 imposing a \$20 vehicle license fee. The staff report from that Board meeting can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2009/stafreport071309TBD-4a.pdf>.

Since imposition of the VLF, this fee has provided most of the funding for the ARSM Program, funding asphalt overlays on a little over 20 miles of roadway and BST to approximately 102 miles of roadway. It is estimated to generate approximately \$830,000 in 2019.

\$20 Vehicle License Fee for Sidewalk Repair, Retrofit and Maintenance (2018)

The need for additional funding for maintenance of existing sidewalks had also been identified as a high priority for several years in the City's resident surveys. The City's development of the Americans with Disabilities Act (ADA) Transition Plan in 2016 - 2018 included condition inspections of the existing sidewalks and curb ramps. The preliminary results of the inspections discussed at the April 2018 City Council meeting indicated that over \$110 million is needed for repairs, including replacement and retrofitting existing sidewalks and curb ramps to meet ADA standards. At that time, funding for the Curb Ramp, Gutter, and Sidewalk Maintenance Program was very limited, historically \$152,000 from the City's general fund was used for this annual program and six-year Capital Improvement Plans showed increasing the funding to approximately \$200,000 per year starting in 2020. This funding level would not meet the need for repair and replacement of existing sidewalks.

The City Council discussed options for increasing funding for sidewalk maintenance and repair during their 2016 and 2017 Annual Strategic Planning Workshops. On June 4, 2018, the City Council adopted Ordinance No. 822 to increase the current Vehicle License Fee by \$20 per vehicle per year to provide revenue to support the repair and maintenance of the City's sidewalk network. The 2018 \$20 VLF was anticipated to generate \$830,000 annually. Because the collection of the tax did not begin until April 2019, we anticipate collecting only \$622,500 or 75% of the annual amount in 2019. The staff report from that City Council meeting can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport112017-9a.pdf>.

City Ten-year Financial Sustainability Plan

In 2014, the City Council identified in its 10 Year Financial Sustainability Plan a strategy to replace the annual General Fund support of the Roads Capital Fund, with a dedicated revenue source to reduce the size of potential future operating budget gaps (Target 5). While a portion of the second \$20 VLF serves as a dedicated revenue source to replace this ongoing funding source, Council has directed staff to continue to evaluate the ability of the General Fund to provide additional funding to this program during each budget process as one-time contributions. The 2019-2020 Biennial budget includes a one-time General Fund contribution of \$305,000. The staff report and the 10 YFSP can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport061614-8a.pdf>.

Budget Policy Regarding Preserving Existing Infrastructure Before Building New Facilities

The City Budget and Capital Improvement Program (CIP) Plan Policies stipulate several important policy considerations are the basis for the CIP. These policies provide guidelines for all financial aspects of the CIP, and ultimately affect the project selection process. Relevant to this issue is the policy regarding preservation of existing capital infrastructure before building new facilities. (Section VI.J):

- J. Preserve Existing Capital Infrastructure Before Building New Facilities: It is the City's policy to ensure that adequate resources are allocated to preserve the City's existing infrastructure before targeting resources toward building new*

facilities that also have maintenance obligations. This policy addresses the need to protect the City's historical investment in capital facilities and to avoid embarking on a facility enhancement program which, together with the existing facilities, the City cannot afford to adequately maintain.

The City Budget and Capital Improvement Program (CIP) Plan Policies can be found at the following link: <http://www.shorelinewa.gov/Home/ShowDocument?id=264>.

Initiative 976

Initiative 976 will be on the November ballot this year. It was designed to do the following:

- Limit annual license fees for vehicles weighing under 10,000 pounds at \$30 except voter-approved charges;
- Base vehicle taxes on the Kelley Blue Book value rather than the manufacturer's suggested retail price;
- Repeals local Transportation Benefit District (TBD) fees;
- Repeals the \$150 fee on electric vehicles;
- Repeal authorization for certain regional transit authorities, such as Sound Transit, to impose motor vehicle excise taxes; and
- Limits certain taxes and fees related to transportation.

The initiative impacts vehicle registration fees, but not other TBD funding options - including sales tax. Some refer to I-976 as the "\$30 Tabs Initiative". The ballot measure text for I-976 can be found in Attachment A. Additional information on I-976 can be found at the following link:

[https://ballotpedia.org/Washington_Initiative_976,_Limits_on_Motor_Vehicle_Taxes_and_Fees_Measure_\(2019\)](https://ballotpedia.org/Washington_Initiative_976,_Limits_on_Motor_Vehicle_Taxes_and_Fees_Measure_(2019)).

City Transportation Funding

Primary sources of revenue to the City for transportation capital projects comes from the VLFs, Real Estate Excise Tax (REET), transportation impact fees (TIF) (on select projects), and the General Fund. In addition, the City pursues, and has been reasonably successful in receiving, state and federal grants and loans. City funds are used as "grant match" required to secure grants. The table below shows the revenue collections over the last 10 years that support transportation capital projects.

Revenues Supporting Transportation Capital Projects

Year	2009 VLF	2018 VLF	REET	TIF	Grants**	Other**	Total
2009			\$ 479,306		\$ 8,218,909	\$ 5,085,440	\$ 13,783,655
2010	\$ 590,917		\$ 454,041		\$ 10,291,758	\$ 9,204,693	\$ 20,541,409
2011	\$ 761,270		\$ 426,769		\$ 17,779,737	\$ 5,739,456	\$ 24,707,232
2012	\$ 750,432		\$ 651,141		\$ 7,443,757	\$ 272,641	\$ 9,117,971
2013	\$ 766,062		\$ 817,221		\$ 2,211,953	\$ 348,412	\$ 4,143,648
2014	\$ 788,395		\$ 965,597		\$ 10,457,843	\$ 5,777,009	\$ 17,988,844
2015	\$ 818,017		\$ 1,468,014	\$ 254,629	\$ 11,006,970	\$ 1,629,758	\$ 15,177,388
2016	\$ 830,481		\$ 1,272,745	\$ 943,519	\$ 3,909,135	\$ 382,352	\$ 7,338,231
2017	\$ 830,269		\$ 1,866,612	\$ 985,668	\$ 2,803,999	\$ 10,820	\$ 6,497,368
2018	\$ 841,641		\$ 1,686,287	\$ 907,336	\$ 1,186,482	\$ 18,734	\$ 4,640,480
2019*	\$ 830,000	\$ 622,500	\$ 1,164,953	\$ 162,000	\$ 6,852,675	\$ 200,000	\$ 9,832,128
2020*	\$ 830,000	\$ 830,000	\$ 1,168,119	\$ 324,000	\$ 4,546,500	\$ 5,440,000	\$ 13,138,619
Total	\$8,637,482	\$1,452,500	\$12,420,805	\$3,577,152	\$ 86,709,718	\$ 34,109,315	\$ 146,906,972

*2019 and 2020 amounts are estimates used in the biannual budget.

**Not all grant and other funds may be captured in this table.

This initiative would end the collection of the 2009 and 2018 \$20 VLFs reducing the funding used for pavement preservation and sidewalk repair, retrofit and maintenance, a loss of approximately \$1,660,000 annually.

VLF Support for State and Sound Transit Projects

Sound Transit

If the initiative were enacted, enforced, and feasible to implement, Sound Transit estimates that the direct fiscal impact would be approximately \$6.95 billion through 2041. The Sound Transit VLF is currently allocated to planning, design and construction of projects approved by voters in 2016. Adding indirect costs, such as delay-related cost inflation and higher borrowing costs, the agency estimates the total impact to exceed \$20 billion. The initiative greatly reduces available resources for transit expansions and seeks to require the agency to collect and divert taxes from completing voter-approved projects to retire debt early. To absorb the financial impact, the Sound Transit Board of Directors would need to start as early as 2020 to curtail the program by delaying and/or cancelling projects. For more information on impacts to Sound Transit, see Attachment B.

State Transportation Budget

The initiative would reduce the state transportation budget by a little more than half a billion in the first two years. The bulk of the impact will be on the multimodal account, and that account is used for many purposes that includes transit, pedestrian, state patrol, and ferries. It appears TBDs would see a significant loss of revenue. It is not clear what will happen to the portion of a TBD that adopted by a public vote versus council action. The initiative would only impact the vehicle registration fees and not

other TBD funding options. The Washington State House and Senate I-976 Fiscal Notes can be found at the following link:

<https://fortress.wa.gov/ofm/fnspublic/FNSPublicSearch/Search/976/66>.

DISCUSSION

As noted earlier in this report, the existing VLFs are used to fund two programs: the ARSM and Sidewalk Rehabilitation programs. The adopted 2019-2024 CIP includes the revenue sources for these two programs:

Annual Road Surface Maintenance

Revenue Source	2019	2020	2021	2022	2023	2024	Total
VLF	\$ 830,000	\$ 830,000	\$ 830,000	\$ 830,000	\$ 830,000	\$ 830,000	\$ 4,980,000
Grants	\$ 576,000						\$ 576,000
Roads Capital	\$ 1,284,000	\$ 880,000	\$ 676,000	\$ 1,019,000	\$ 70,000	\$ 370,000	\$ 4,299,000
Total	\$ 2,690,000	\$ 1,710,000	\$ 1,506,000	\$ 1,849,000	\$ 900,000	\$ 1,200,000	\$ 9,855,000

Sidewalk Rehabilitation

Revenue Source	2019	2020	2021	2022	2023	2024	Total
VLF	\$ 622,500	\$ 830,000	\$ 830,000	\$ 830,000	\$ 830,000	\$ 830,000	\$ 4,772,500
General Fund	\$ 152,517	\$ 152,517	\$ 76,000	\$ 76,000			\$ 457,034
Total	\$ 775,017	\$ 982,517	\$ 906,000	\$ 906,000	\$ 830,000	\$ 830,000	\$ 5,229,534

In reviewing the funding of both programs, the potential loss of VLF would have a significant impact to both programs. Based on the six year total the VLF is approximately 51% of the funding for the ARSM program. As identified previously, the Sidewalk Rehabilitation program previously received \$152,000 annually from the General Fund. The 2018 VLF is intended to fully fund this program. If the VLF is eliminated, the Sidewalk Rehabilitation program will essentially be unfunded.

The Roads Capital Fund is made up by projects with a variety of sources but VLF and REET are the primary sources of funding other than grants. Based on the six-year CIP, REET provides an estimated \$7.62 million compared with the estimated \$9.75 million from VLF. If the VLF were to be eliminated, REET would not generate enough revenue to replace the VLF, therefore necessitating the elimination of capital projects that cannot be funded. It is also worth noting that VLF is more stable and predictable funding source when compared to REET which varies with the economy/real estate market. After several strong years of REET collections the revenues have started to decline which is projected in the adopted CIP.

While the loss of the VLF revenue would have direct impacts to the two programs that principally utilize the funding, it is a reasonable assumption that there would be significant impacts to other projects and programs as the remaining revenue is re-distributed. These adjustments would have the following anticipated impacts:

- Reduction of the Pavement Preservation Program (overlay and chip seals) this will delay preservation of an important and costly asset.
- Ending the Sidewalk Rehabilitation Program.
- Loss of the ability to set aside revenue to support grant match funding and thereby risking projects currently funded by grants and reducing opportunities to apply for grants for other transportation projects. The current CIP sets aside \$250,000 per year as “grant match” to support a variety of grant applications.
- Following the current policy regarding preservation of existing capital infrastructure before building new facilities, additional impacts to other projects could be expected. Projects funded by the Roads Capital Fund that would potential be impacted include Traffic Safety Improvements and Traffic Signal Rehabilitation.
- Reduction in the opportunity or flexibility to use Roads Capital Fund to supplement grant projects that are not fully funded by the grant or become partially as a result of increases to cost estimates beyond the grant amount.
- Increased need for support from General Fund to provide funding as grant match or to fund other City transportation priorities.

There are two other funding sources that support transportation projects - Transportation Impact Fees (TIF) and voter approved Sales and Use Tax for construction of new sidewalks. These revenue sources have restrictions or constraints that limit the ability to re-allocate the revenue to other projects. TIF is limited to growth projects defined at the time the TIF was established. Currently, this revenue is providing grant match to the N 175th St. Improvements. The voter approved Sales and Use Tax is limited to sidewalk improvements. The provisions of the ballot measure do allow this revenue source to be used for additional new sidewalk and maintenance of existing sidewalk provided the initial twelve sidewalk projects remain fully funded.

Overall, while the VLF is currently only funding two programs, the loss of \$1,660,000 per year would have an impact on the entire transportation program as the remaining revenue is re-allocated and adjusted.

Option for Council's Consideration

The City Council has the option to take a position on a measure before the voters. State law (RCW 42.17A.555) allows a legislative body to express support or opposition if its meeting notice includes the title and number of the ballot proposition, and if those who have an opposing view are afforded an approximately equal opportunity to express an opinion. If the City Council desires to take an official position on I-976, the Council can direct staff to generate a resolution stating its support for/opposition to the initiative.

Staff recommends that the Council consider adoption of a resolution in opposition to I-976, given the anticipated impacts to the City's funding of the ARSM and Sidewalk Rehabilitation programs, on August 12. If Council directs staff to draft such a resolution, staff will include time for the public comment on the resolution after the staff presentation and ensure that equal opportunity is provided to those with an opposing view to express their opinion.

COUNCIL GOAL(S) ADDRESSED

Initiative 976 primarily interacts with two council goals and the 10 Year Financial Sustainability Plan.

- City Council Goal 2: Continue to deliver highly-valued public services through management of the City's infrastructure and stewardship of the natural environment, notably Action Steps #1 - Implement the Sidewalk Repair and Construction Program and #5 - Continue implementing a comprehensive asset management system, including condition assessment and lifecycle/risk analysis for the City's streets, facilities, trees, parks, and utilities
- Goal 3: Continue preparation for regional mass transit in Shoreline
- In 2014, the City Council identified in its 10 Year Financial Sustainability Plan a strategy to replace the annual General Fund support of the Roads Capital Fund, with a dedicated revenue source to reduce the size of potential future operating budget gaps. A portion of the \$20 VLFs serves as this dedicated revenue source.

RESOURCE/FINANCIAL IMPACT

Passage of I-976 would reverse the City Council actions that implemented a \$20 VLF in 2009 that supports the City's pavement preservation program, and the \$20 VLF in 2018 to support the repair and maintenance of the City's sidewalk network. In 2019, in total, the VLFs are estimated to generate approximately \$1,452,500 due to a partial year collection of the sidewalk VLF and in 2020 they are estimated to generate approximately \$1,660,000 which would no longer be available for these uses. A similar amount of revenue from the total \$40 VLF would continue into the future.

RECOMMENDATION

Tonight, the City Council will discuss impacts to the City transportation projects if I-976 is approved by Washington State voters. Staff recommends that the Council consider adoption of a resolution in opposition to I-976, given the anticipated impacts to the City's funding of the ARSM and Sidewalk Rehabilitation programs. If there is interest in taking a formal position on the Initiative, staff are prepared to return on August 12, 2019 with a Resolution for Council consideration.

ATTACHMENTS

Attachment A: I-976 Ballot Measure

Attachment B: Sound Transit I-976 Fiscal Impact

Initiative Measure No. 976, filed March 19, 2018

BRING BACK OUR \$30 CAR TABS

AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.160; adding a new section to chapter 46.17 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 81.112 RCW; creating new sections; repealing RCW 46.17.365, 46.68.415, 82.80.130, 82.80.140, 82.44.035, and 81.104.160; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** Voters have repeatedly approved initiatives limiting vehicle costs, yet politicians keep ignoring the voters' repeated, unambiguous mandate by imposing higher and

higher vehicle taxes and fees. It's not fair and it must stop. Without this follow-up ballot measure, vehicle costs will continue to skyrocket until vehicle charges are obscenely expensive, as they were prior to Initiative 695. This measure and each of its provisions limit state and local taxes, fees, and other charges relating to motor vehicles. This measure would limit annual motor vehicle license fees to \$30, except voter-approved charges, repeal and remove authority to impose certain vehicle taxes and charges; and base vehicle taxes on Kelley Blue Book rather than the dishonest, inaccurate, and artificially inflated manufacturer's suggested retail price (MRSP). Voters have repeatedly approved initiatives limiting vehicle costs. Politicians must learn to listen to the people.

**LIMITING ANNUAL MOTOR-VEHICLE-LICENSE FEES TO \$30,
EXCEPT VOTER-APPROVED CHARGES**

NEW SECTION. **Sec. 2.** A new section is added to chapter 46.17 RCW to read as follows:

(1) State and local motor vehicle license fees may not exceed \$30 per year for motor vehicles, regardless of year, value, make, or model.

(2) For the purposes of this section, "state and local motor vehicle license fees" means the general license tab fees paid annually for licensing motor vehicles, including but not limited to cars, sport utility vehicles, light trucks under RCW 46.17.355, motorcycles, and motor homes, and do not include charges approved by voters after the effective date of this section. This annual fee must be paid and collected annually and is due at the time of initial and renewal vehicle registration.

Sec. 3. RCW 46.17.350 and 2014 c 30 s 2 are each amended to read as follows:

(1) Before accepting an application for a vehicle registration, the department, county auditor or other agent, or subagent appointed

by the director shall require the applicant, unless specifically exempt, to pay the following vehicle license fee by vehicle type:

VEHICLE TYPE	INITIAL FEE	RENEWAL FEE	DISTRIBUTED UNDER
(a) Auto stage, six seats or less	\$ 30.00	\$ 30.00	RCW 46.68.030
(b) Camper	\$ 4.90	\$ 3.50	RCW 46.68.030
(c) Commercial trailer	\$ ((34.00)) <u>30.00</u>	\$ 30.00	RCW 46.68.035
(d) For hire vehicle, six seats or less	\$ 30.00	\$ 30.00	RCW 46.68.030
(e) Mobile home (if registered)	\$ 30.00	\$ 30.00	RCW 46.68.030
(f) Moped	\$ 30.00	\$ 30.00	RCW 46.68.030
(g) Motor home	\$ 30.00	\$ 30.00	RCW 46.68.030
(h) Motorcycle	\$ 30.00	\$ 30.00	RCW 46.68.030
(i) Off-road vehicle	\$ 18.00	\$ 18.00	RCW 46.68.045
(j) Passenger car	\$ 30.00	\$ 30.00	RCW 46.68.030
(k) Private use single-axle trailer	\$ 15.00	\$ 15.00	RCW 46.68.035
(l) Snowmobile	\$ ((50.00)) <u>30.00</u>	\$ ((50.00)) <u>30.00</u>	RCW 46.68.350
(m) Snowmobile, vintage	\$ 12.00	\$ 12.00	RCW 46.68.350
(n) Sport utility vehicle	\$ 30.00	\$ 30.00	RCW 46.68.030
(o) Tow truck	\$ 30.00	\$ 30.00	RCW 46.68.030
(p) Trailer, over 2000 pounds	\$ 30.00	\$ 30.00	RCW 46.68.030
(q) Travel trailer	\$ 30.00	\$ 30.00	RCW 46.68.030
(r) Wheeled all-terrain vehicle, on-road use	\$ 12.00	\$ 12.00	RCW 46.09.540

(s) Wheeled all-terrain \$ 18.00 \$ 18.00 RCW 46.09.510

vehicle, off-road

use

(2) The vehicle license fee required in subsection (1) of this section is in addition to the filing fee required under RCW 46.17.005, and any other fee or tax required by law.

Sec. 4. RCW 46.17.355 and 2015 3rd sp.s. c 44 s 201 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

WEIGHT	SCHEDULE A	SCHEDULE B
4,000 pounds	\$ 38.00	\$ 38.00
6,000 pounds	\$ 48.00	\$ 48.00
8,000 pounds	\$ 58.00	\$ 58.00
10,000 pounds	\$ 60.00	\$ 60.00
12,000 pounds	\$ 77.00	\$ 77.00
14,000 pounds	\$ 88.00	\$ 88.00
16,000 pounds	\$ 100.00	\$ 100.00
18,000 pounds	\$ 152.00	\$ 152.00
20,000 pounds	\$ 169.00	\$ 169.00
22,000 pounds	\$ 183.00	\$ 183.00
24,000 pounds	\$ 198.00	\$ 198.00
26,000 pounds	\$ 209.00	\$ 209.00
28,000 pounds	\$ 247.00	\$ 247.00
30,000 pounds	\$ 285.00	\$ 285.00
32,000 pounds	\$ 344.00	\$ 344.00
34,000 pounds	\$ 366.00	\$ 366.00
36,000 pounds	\$ 397.00	\$ 397.00
38,000 pounds	\$ 436.00	\$ 436.00

Attachment A

40,000 pounds	\$ 499.00	\$ 499.00
42,000 pounds	\$ 519.00	\$ 609.00
44,000 pounds	\$ 530.00	\$ 620.00
46,000 pounds	\$ 570.00	\$ 660.00
48,000 pounds	\$ 594.00	\$ 684.00
50,000 pounds	\$ 645.00	\$ 735.00
52,000 pounds	\$ 678.00	\$ 768.00
54,000 pounds	\$ 732.00	\$ 822.00
56,000 pounds	\$ 773.00	\$ 863.00
58,000 pounds	\$ 804.00	\$ 894.00
60,000 pounds	\$ 857.00	\$ 947.00
62,000 pounds	\$ 919.00	\$ 1,009.00
64,000 pounds	\$ 939.00	\$ 1,029.00
66,000 pounds	\$ 1,046.00	\$ 1,136.00
68,000 pounds	\$ 1,091.00	\$ 1,181.00
70,000 pounds	\$ 1,175.00	\$ 1,265.00
72,000 pounds	\$ 1,257.00	\$ 1,347.00
74,000 pounds	\$ 1,366.00	\$ 1,456.00
76,000 pounds	\$ 1,476.00	\$ 1,566.00
78,000 pounds	\$ 1,612.00	\$ 1,702.00
80,000 pounds	\$ 1,740.00	\$ 1,830.00
82,000 pounds	\$ 1,861.00	\$ 1,951.00
84,000 pounds	\$ 1,981.00	\$ 2,071.00
86,000 pounds	\$ 2,102.00	\$ 2,192.00
88,000 pounds	\$ 2,223.00	\$ 2,313.00
90,000 pounds	\$ 2,344.00	\$ 2,434.00
92,000 pounds	\$ 2,464.00	\$ 2,554.00
94,000 pounds	\$ 2,585.00	\$ 2,675.00
96,000 pounds	\$ 2,706.00	\$ 2,796.00
98,000 pounds	\$ 2,827.00	\$ 2,917.00
100,000 pounds	\$ 2,947.00	\$ 3,037.00
102,000 pounds	\$ 3,068.00	\$ 3,158.00
104,000 pounds	\$ 3,189.00	\$ 3,279.00
105,500 pounds	\$ 3,310.00	\$ 3,400.00

Attachment A

(b) For vehicle registrations that are due or become due on or after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by gross weight:

WEIGHT	SCHEDULE A	SCHEDULE B
4,000 pounds	\$ (53.00) <u>30.00</u>	\$ (53.00) <u>30.00</u>
6,000 pounds	\$ (73.00) <u>30.00</u>	\$ (73.00) <u>30.00</u>
8,000 pounds	\$ (93.00) <u>30.00</u>	\$ (93.00) <u>30.00</u>
10,000 pounds	\$ (93.00) <u>30.00</u>	\$ (93.00) <u>30.00</u>
12,000 pounds	\$ 81.00	\$ 81.00
14,000 pounds	\$ 88.00	\$ 88.00
16,000 pounds	\$ 100.00	\$ 100.00
18,000 pounds	\$ 152.00	\$ 152.00
20,000 pounds	\$ 169.00	\$ 169.00
22,000 pounds	\$ 183.00	\$ 183.00
24,000 pounds	\$ 198.00	\$ 198.00
26,000 pounds	\$ 209.00	\$ 209.00
28,000 pounds	\$ 247.00	\$ 247.00
30,000 pounds	\$ 285.00	\$ 285.00
32,000 pounds	\$ 344.00	\$ 344.00
34,000 pounds	\$ 366.00	\$ 366.00
36,000 pounds	\$ 397.00	\$ 397.00
38,000 pounds	\$ 436.00	\$ 436.00
40,000 pounds	\$ 499.00	\$ 499.00
42,000 pounds	\$ 519.00	\$ 609.00
44,000 pounds	\$ 530.00	\$ 620.00
46,000 pounds	\$ 570.00	\$ 660.00
48,000 pounds	\$ 594.00	\$ 684.00
50,000 pounds	\$ 645.00	\$ 735.00
52,000 pounds	\$ 678.00	\$ 768.00
54,000 pounds	\$ 732.00	\$ 822.00
56,000 pounds	\$ 773.00	\$ 863.00

Attachment A

58,000 pounds	\$ 804.00	\$ 894.00
60,000 pounds	\$ 857.00	\$ 947.00
62,000 pounds	\$ 919.00	\$ 1,009.00
64,000 pounds	\$ 939.00	\$ 1,029.00
66,000 pounds	\$ 1,046.00	\$ 1,136.00
68,000 pounds	\$ 1,091.00	\$ 1,181.00
70,000 pounds	\$ 1,175.00	\$ 1,265.00
72,000 pounds	\$ 1,257.00	\$ 1,347.00
74,000 pounds	\$ 1,366.00	\$ 1,456.00
76,000 pounds	\$ 1,476.00	\$ 1,566.00
78,000 pounds	\$ 1,612.00	\$ 1,702.00
80,000 pounds	\$ 1,740.00	\$ 1,830.00
82,000 pounds	\$ 1,861.00	\$ 1,951.00
84,000 pounds	\$ 1,981.00	\$ 2,071.00
86,000 pounds	\$ 2,102.00	\$ 2,192.00
88,000 pounds	\$ 2,223.00	\$ 2,313.00
90,000 pounds	\$ 2,344.00	\$ 2,434.00
92,000 pounds	\$ 2,464.00	\$ 2,554.00
94,000 pounds	\$ 2,585.00	\$ 2,675.00
96,000 pounds	\$ 2,706.00	\$ 2,796.00
98,000 pounds	\$ 2,827.00	\$ 2,917.00
100,000 pounds	\$ 2,947.00	\$ 3,037.00
102,000 pounds	\$ 3,068.00	\$ 3,158.00
104,000 pounds	\$ 3,189.00	\$ 3,279.00
105,500 pounds	\$ 3,310.00	\$ 3,400.00

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection (~~((6))~~) (7) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fees provided in subsection (1) of this section for light trucks weighing 10,000 pounds or less are limited to \$30.

(6) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

~~((6))~~ (7) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

~~((7))~~ (8) For vehicle registrations that are due or become due on or after July 1, 2022, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be distributed under RCW 46.68.035.

Sec. 5. RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for a vehicle that both (a) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a ~~((one hundred dollar fee in addition to any other fees and taxes required by law))~~ \$30 fee. The ~~((one~~

~~hundred thirty dollar~~)) \$30 fee is due only at the time of annual registration renewal.

(2) This section only applies to a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour.

~~(3)((a) The fee under this section is imposed to provide funds to mitigate 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, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.~~

~~(b))~~ If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

~~((i))~~ (a) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

~~((ii))~~ (b) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

~~((iii))~~ (c) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

~~((4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.~~

~~(b) The fee required under (a) of this subsection must be distributed as follows:~~

~~(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and~~

~~(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.~~

~~(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.)~~

**REPEAL AND REMOVE AUTHORITY TO IMPOSE
CERTAIN VEHICLE TAXES AND CHARGES**

Sec. 6. The following acts or parts of acts are each repealed:

(1) RCW 46.17.365 (Motor vehicle weight fee—Motor home vehicle weight fee) and 2015 3rd sp.s. c 44 s 202 & 2010 c 161 s 533;

(2) RCW 46.68.415 (Motor vehicle weight fee, motor home vehicle weight fee—Disposition) and 2010 c 161 s 813;

(3) RCW 82.80.130 (Passenger-only ferry service—Local option motor vehicle excise tax authorized) and 2010 c 161 s 916, 2006 c 318 s 4, & 2003 c 83 s 206; and

(4) RCW 82.80.140 (Vehicle fee—Transportation benefit district—Exemptions) and 2015 3rd sp.s. c 44 s 310, 2010 c 161 s 917, 2007 c 329 s 2, & 2005 c 336 s 16.

Sec. 7. RCW 82.08.020 and 2014 c 140 s 12 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the RCW 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

~~(3) ((Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.~~

~~(4) For purposes of subsection (3) of this section, "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:~~

~~(a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;~~

~~(b) Off road vehicles as defined in RCW 46.04.365;~~

~~(c) Nonhighway vehicles as defined in RCW 46.09.310; and~~

~~(d) Snowmobiles as defined in RCW 46.04.546.~~

~~(5))~~ Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

~~((6))~~ (4) The taxes imposed under this chapter apply to successive retail sales of the same property.

~~((7))~~ (5) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

BASE VEHICLE TAXES USING KELLEY BLUE BOOK VALUE

NEW SECTION. **Sec. 8.** A new section is added to chapter 82.44 RCW to read as follows:

(1) BASE VEHICLE TAXES USING KELLEY BLUE BOOK VALUE. Any motor vehicle excise tax must be calculated in an honest and accurate way so the burden on vehicle owners is not artificially inflated. For the purpose of determining a vehicle tax, a taxing district imposing a vehicle tax must set a vehicle's taxable value at the vehicle's base model Kelley Blue book value. This ensures an honest and accurate calculation of the tax and, combined with the appeal process in RCW 82.44.065, ensures that vehicle owners are taxed on their vehicle's market value.

(2) For the purpose of determining a tax under this chapter, the value of a truck-type power or trailing unit, or motor vehicle, including a passenger vehicle, motorcycle, motor home, sport utility vehicle, or light duty truck is the base model Kelley Blue book value of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs.

Sec. 9. RCW 82.44.065 and 2010 c 161 s 912 each amended to read as follows:

If the department determines a value for a vehicle (~~equivalent to a manufacturer's base suggested retail price or the value of a truck or trailer under RCW 82.44.035~~) under section 8 of this act, any person who pays a state or locally imposed tax for that vehicle may appeal the valuation to the department under chapter 34.05 RCW. If the taxpayer is successful on appeal, the department shall refund the excess tax in the manner provided in RCW 82.44.120. Using Kelley Blue Book value ensures an honest and accurate calculation.

NEW SECTION. **Sec. 10.** RCW 81.104.140 and 2015 3rd sp.s. c 44 s 318 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting

with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, are authorized only for agencies located in (a) each county with a population of two hundred ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

- (a) Acceptability;
- (b) Ease of administration;
- (c) Equity;
- (d) Implementation feasibility;
- (e) Revenue reliability; and
- (f) Revenue yield.

(4)(a) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

- (i) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;
- (ii) (~~Special motor vehicle excise tax as provided in RCW~~

~~81.104.160:~~

~~(iii))~~ Regular property tax as provided in 81.104.175; and
~~((iv))~~ (iii) Sales and use tax as provided in RCW 81.104.170.

(b) Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No construction on exclusive right-of-way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Except for the regular property tax authorized in 81.104.175, the authorization in subsection (4) of this section may not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions must retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Except for the regular property tax authorized in 81.104.175, agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175 are subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title must reference the document identified in subsection (8) of this section.

(8) Agencies must provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It must also describe the relationship of

the system to regional issues such as development density at station locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document must be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet must be produced as provided in chapter 29A.32 RCW.

(10)(a) Agencies providing high capacity transportation service must retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

(b) A regional transit authority that (~~imposes a motor vehicle excise tax after the effective date of this section,~~) imposes a property tax(~~(τ)~~) or increases a sales and use tax to more than nine-tenths of one percent must undertake a process in which the authority's board formally considers inclusion of the name, Scott White, in the naming convention associated with either the University of Washington or Roosevelt stations.

NEW SECTION. Sec. 11. The following acts or parts of acts are each repealed:

(1) RCW 82.44.035 (Valuation of vehicles) and 2010 c 161 s 910 & 2006 c 318 s 1; and

(2) RCW 81.104.160 (Motor vehicle excise tax for regional transit authorities---Sales and use tax on car rentals---Former motor vehicle excise tax repealed) and 2015 3rd sp.s. c 44 s 319, 2010 c 161 s 903, 2009 c 280 s 4, 2003 c 1 s 6 (Initiative Measure No. 776, approved November 5, 2002), & 1998 c 321 s 35 (Referendum Bill No. 49, approved November 3, 1998).

NEW SECTION. **Sec. 12.** A new section is added to chapter 81.112 RCW to read as follows:

In order to effectuate the policies, purposes, and intent of this act and to ensure that the motor vehicle excise taxes repealed by this act are no longer imposed or collected, an authority that imposes a motor vehicle excise tax under RCW 81.104.160 must fully retire, defease, or refinance any outstanding bonds issued under this chapter if:

(1) Any revenue collected prior to the effective date of this section from the motor vehicle excise tax imposed under RCW 81.104.160 has been pledged to such bonds; and

(2) The bonds, by virtue of the terms of the bond contract, covenants, or similar terms, may be retired or defeased early or refinanced.

Sec. 13. RCW 81.104.160 and 2015 3rd sp.s. c 44 s 319 are each amended to read as follows:

(1) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding (~~eight-tenths~~) two-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before the effective date of this section if the tax will terminate on the date bond debt to which the tax is pledged is repaid. This tax does not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after the effective date of this section must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in

which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of RCW 81.104.160(1) shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter 11, Laws of 2015 3rd sp. sess.

NEW SECTION. **Sec. 14.** CONSTRUCTION CLAUSE. The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. **Sec. 15.** SEVERABILITY CLAUSE. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 16.** EFFECTIVE DATE. (1) Sections 10 and 11 of this act take effect on the date that the regional transit authority complies with section 12 of this act and retires, defeases, or refinances its outstanding bonds.

(2) Section 13 takes effect April 1, 2020, if sections 10 and 11 of this act have not taken effect by March 31, 2020.

(3) The regional transit authority must provide written notice of the effective dates of sections 10, 11, and 13 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the regional transit authority.

NEW SECTION. **Sec. 17.** TITLE. This act is known and may be cited as "Bring Back Our \$30 Car Tabs."

--- END ---

Summary of potential I-976 impact

If the initiative were enacted, enforced, and feasible to implement, the fiscal impact to Sound Transit would be approximately \$20 billion through the 2041 planned completion of voter-approved projects. The initiative greatly reduces available resources for transit expansions and seeks to require the agency to collect and divert taxes from completing voter-approved projects to retire debt early. To absorb the financial impact (see below discussion), the Sound Transit Board of Directors would need to start as early as 2020 to curtail the program by delaying and/or cancelling projects.

Project delays would cause taxpayers to face much higher costs extending significantly beyond 2041. As a point of reference, if all ST3 voter-approved projects including future Sounder expansions and light rail extensions to Everett, Tacoma, West Seattle, Ballard, South Kirkland and Issaquah were delayed by five years, inflation and increased interest costs would boost the total cost to taxpayers by a forecasted \$26.54 billion. To pay these costs, the Sound Transit Board would have to delay the roll back of taxes by more than a decade, which would extend the full tax collection period to beyond 2060.

Q&A**How does the potential \$20 billion loss of financial capacity through 2041 break down?**

The potential impact would include:

- Elimination of a projected \$6.95 billion in MVET revenues between 2021 and 2041, the currently scheduled year for completing ST3.
- Sound Transit's financial capacity would be further reduced by \$13.05 billion through 2041 through higher interest costs, both as a result of a higher amount of borrowing as well as higher interest rates triggered by a lower credit rating associated with reduced revenues and compromised investor confidence.

How would project delays potentially increase taxpayer costs?

- Projects with significant delays would face significantly greater costs through inflation and additional borrowing costs. If the agency absorbed the financial loss by delaying all ST3 voter-approved projects by five years, inflation alone would increase project costs by \$5.5 billion. An increase in interest payments by \$21.04 billion would also be required to fully fund the delayed capital program.
- The reduced credit rating that Sound Transit would face following its significant loss of revenues and the perceived financial uncertainty would also increase borrowing costs on bonds at the same time the agency would need to sell more bonds to complete projects.

How would the initiative potentially affect the timing of rolling back taxes?

- After completing the voter-approved projects and repayment of debt, the Sound Transit Board is required to roll back taxes to the level necessary to cover operation and maintenance of the regional transit system. It is currently expected to be feasible to roll back the entire tax increase that voters approved in 2016 by calendar year 2050. Delaying the projects would delay the date of the tax roll back when the Sound Transit Board can finally roll back taxes to beyond 2060 in order to pay the cost to retire the existing debt early, fund the delayed capital program, and pay back the additional and more costly debt incurred due to the revenue loss and project delay.