



**CITY OF TACOMA, WASHINGTON
OFFICE OF THE CITY COUNCIL
COUNCIL CONSIDERATION REQUEST**

TO: City Council

FROM: Mayor Woodards and Assistant to the City Manager Anita Gallagher *WU*

COPIES TO: Elizabeth Pauli, City Manager; Tadd Wille, Deputy City Manager; Bill Fosbre, City Attorney

SUBJECT: Resolution Opposing Initiative 976

DATE: October 1, 2019

I ask for your support for a Resolution expressing opposition to Initiative 976 to appear on the earliest possible City Council meeting agenda.

LEGISLATIVE INTENT:

Initiative 976 will appear on the November 5, 2019 General Election ballot. If approved, the initiative would limit annual license fees for vehicles weighing under 10,000 pounds at \$30 except in the instance of voter-approved charges. It would repeal local Transportation Benefit District (TBD) fees. It would also repeal authorization for certain regional transit authorities to impose motor vehicle excise taxes and limit certain other taxes and fees related to transportation.

Public Works estimates that the impact of repealing local authority to impose TBD fees would constitute a loss of approximately \$2.9 million per year, or \$5.8 million per biennium. This loss in revenue would negatively impact the City's ability to carry out necessary work to improve transportation infrastructure. Preliminary estimates by staff indicate that the City may not be able to complete the following tasks:

- 40 blocks of residential chip seals per year
- 40 blocks of residential overlay per year
- 100 accessible curb ramps per year

The initiative's impacts on Washington State's transportation revenues will also affect Tacoma. The total revenue loss to the state is estimated at \$1.9 billion over the course of the next six years. Examples of the impacted programs of particular interest to Tacoma include:

- Transportation Improvement Account: The losses to this account are estimated to be \$4.2 million over six years. The City has successfully competed for nearly \$15 million in Transportation Improvement Board grants in the past five years that have facilitated our ability to complete several high-profile, impactful transportation projects, such as the Yakima Avenue Festival Street in the Lincoln Business District, Port of Tacoma Road (phases one and two), and the East 64th Streetscape (phase 1).
- Multimodal Account:
 - Safe Routes to Schools program: The City has received over \$1 million in the past three years that has funded our Safe Routes to Schools pedestrian safety improvements at Lister and Mary Lyon Elementary Schools as well as First Creek Middle School.
 - The City has received about \$3 million in grants for pedestrian and bicycle infrastructure improvements in the past three years.
 - About \$440,000 in funds received by the City currently from the state's Multimodal Account are also used for striping projects throughout the city.

The requested Resolution would express the City Council's opposition to the initiative for its repeal of cities' authority to impose Transportation Benefit District fees and the adverse impact that the loss of revenue would have on the City's ability to accomplish crucial transportation improvement projects.

DESIRED RESOLUTION DATE: October 8, 2019

ALIGNMENT WITH TACOMA 2025 KEY FOCUS AREAS:

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Livability: Equity Index Score: Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

If you have a question related to the Resolution Request, please contact Anita Gallagher (Assistant to the City Manager for Policy Development and Government Relations) at 253-591-5133 or agallagher2@cityoftacoma.org

SUBMITTED FOR COUNCIL CONSIDERATION BY: 
Council Member

SUPPORTING COUNCIL MEMBERS SIGNATURES (2 SIGNATURES ONLY)

(Signatures demonstrate support to initiate discussion and consideration of the subject matter by City Council for potential policy development and staff guidance/direction.)

1.  POS# 1

2.  POS# 8



**CITY OF TACOMA
OFFICE OF THE CITY COUNCIL
POLICY DEVELOPMENT WORKSHEET**

TO: City Council
FROM: Mayor Woodards and Assistant to the City Manager Anita Gallagher
COPIES TO: Elizabeth Pauli, City Manager; Tadd Wille, Deputy City Manager; Bill Fosbre, City Attorney
SUBJECT: Resolution Opposing Initiative 976
DATE: October 1, 2019

Section A. Formative Stage of Development

1. Problem Statement

Initiative 976 would limit annual license fees for vehicles weighing under 10,000 pounds to \$30 except in the instance of voter-approved charges. The initiative repeals cities' authority to impose Transportation Benefit District (TBD) fees, which would result in a loss of about \$2.9 million annually, or \$5.8 million per biennium, in revenue for the City of Tacoma. Additionally, revenue losses for Washington State's Transportation Improvement and Multimodal Accounts would negatively affect the City's ability to perform necessary infrastructure improvements to relieve traffic congestion and foster multimodal transportation. The City has received close to \$19 million in state grants from the Transportation Improvement Board, Safe Routes to Schools, and WSDOT pedestrian/bicycle improvement programs over the course of the past five years. These funds are all important to the City's work and would be diminished if the initiative were to pass.

2. Policy Concept

The City Council could pass a Resolution opposing Initiative 976 outlining the negative impacts on the City's core responsibility to perform crucial infrastructure improvements.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Livability: *Equity Index Score:* Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.



City Manager's Office
City of Tacoma, Washington

Anita Gallagher
253.591.5133
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3. Policy Scope

The proposed Resolution specifically addresses the negative impacts of Initiative 976 for the City of Tacoma's Transportation Benefit District revenues and state transportation revenues that benefit the City through grant programs. It does not address state programs that indirectly benefit the community or impacts to other agencies.

Section B. Policy Vetting and Review

4. Policy Introduction

Steps to begin vetting and refining the policy concept:

- Introduce the item at a Council Standing Committee (if the Council Member serves on that Committee)
- Bring forward at Study Session a formal request to have the topic explored at a Council Standing Committee (if the Council Member does not serve on that Committee)
- Bring forward a Council Resolution/Ordinance Request at Study Session
- Bring forward a Council Resolution Request at Study Session to request study of the issue by a citizen committee, board, or commission

5. Stakeholder Engagement

- Public Works Street Operations
- Office of Management and Budget

6. Impact Analysis

The proposed Resolution is intended to clearly outline the negative impacts of Initiative 976 to the City of Tacoma to help educate community members. The Resolution is unlikely to cause any adverse impacts to the city on the basis of health, equity, or sustainability.

Section C. Consideration and Adoption

7. City Council Vote

The Resolution will appear on the October 8, 2019 City Council meeting agenda.

Fiscal Impact Statement for Initiative 976

FISCAL IMPACT SUMMARY

Initiative 976 changes vehicle taxes and fees by lowering motor vehicle and light duty truck weight fees to \$30; eliminating the 0.3 percent sales tax on vehicle purchases; lowering electric vehicle and snowmobile fees; modifying and reducing Sound Transit motor vehicle excise tax provisions; and removing authority for transportation benefit districts to impose a vehicle fee. Total revenue loss to the state in the next six years is \$1,921,901,238. Total revenue loss to local governments in the next 6 years is \$2,317,121,034. The departments of Licensing and Revenue have estimated implementation costs of \$2,846,800 in the 2019—21 biennium.

General Assumptions

- Except as otherwise provided, the effective date of the initiative, if approved by voters, is December 5, 2019. Section 10 and 11 take effect on the date that the regional transit authority complies with section 12 of this act. Section 13 takes effect on April 1, 2020, if sections 10 and 11 have not taken effect by March 31, 2020.
- The provisions of the initiative apply prospectively, not retroactively.
- Fiscal estimates use the state's fiscal year of July 1 through June 30. Fiscal year 2020 is July 1, 2019, to June 30, 2020.
- State revenues are based on the June 2019 transportation revenue forecast.
- Local revenues are based on the most recent actual figures and are not forecasted.
- Transportation benefit districts (TBDs) have the authority to collect vehicle fees, and sales and use tax. This initiative repeals only the authority to collect vehicle fees, so TBDs could continue to collect sales and use tax.
- Section 5(1) erroneously states that the electric vehicle fee is \$130 total. RCW 46.17.323 includes two fees. \$100 in section (1) and \$50 in section (4)(a). The current electric vehicle fee is \$150 total. Calculations for the impact of the fee reduction are based on the correct fee. Chapter 287, Laws 2019 establishes the transportation electrification fee of \$75. I-976 would lower the \$100 in section (1) to \$30 and eliminate the \$50 in section (4)(a). It does not affect the new \$75 fee.

REVENUE

State Revenue

The initiative reduces license fees for vehicles under 10,000 lbs. to \$30. The additional 0.3 percent sales and use tax on motor vehicle sales is eliminated. The snowmobile license fee is reduced from \$50 to \$30. Commercial trailer fees are reduced from \$34 to \$30. The electric vehicle fee in Section 5(1) is reduced from \$100 to \$30. An additional electric vehicle fee in Section 5(4)(a) of \$50 is eliminated.

Potential Revenue Impact by Fund Distribution

Beginning Dec. 5, 2019

Registration Fees:	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Snowmobile Account (01M)	(\$240,300)	(\$447,200)	(\$448,500)	(\$449,900)	(\$451,200)	(\$453,000)	(\$2,490,100)
WSP Highway Account (081)	(\$9,916,900)	(\$15,661,000)	(\$15,692,400)	(\$15,723,900)	(\$15,755,400)	(\$15,823,800)	(\$88,573,400)
Transportation Partnership Account (09H)	(\$5,115,000)	(\$8,077,700)	(\$8,094,000)	(\$8,110,100)	(\$8,126,400)	(\$8,161,700)	(\$45,684,900)
Rural Arterial Trust Account (102)	(\$202,163)	(\$539,700)	(\$714,975)	(\$928,725)	(\$1,176,675)	(\$1,451,700)	(\$5,013,938)
Motor Vehicle Account (108)	(\$28,223,075)	(\$45,210,500)	(\$46,151,950)	(\$47,278,650)	(\$48,576,750)	(\$50,112,500)	(\$265,553,425)
Puget Sound Ferry Operations (109)	(\$609,800)	(\$963,000)	(\$965,000)	(\$966,900)	(\$968,900)	(\$973,100)	(\$5,446,700)
Transportation Improvement Account (144)	(\$202,163)	(\$539,700)	(\$714,975)	(\$928,725)	(\$1,176,675)	(\$1,451,700)	(\$4,272,075)
Multimodal Account (218)	(\$128,650,600)	(\$227,504,000)	(\$231,592,800)	(\$294,399,500)	(\$298,790,300)	(\$303,184,500)	(\$1,484,121,700)
Nickel Account (550)	(\$2,322,700)	(\$3,668,000)	(\$3,675,400)	(\$3,682,700)	(\$3,690,100)	(\$3,706,100)	(\$20,745,000)
Total	(\$175,280,538)	(\$302,071,100)	(\$308,050,000)	(\$372,469,100)	(\$378,712,400)	(\$385,318,100)	(\$1,921,901,238)

Description of affected accounts

The Snowmobile Account funds administration, acquisition, development, operation and maintenance of snowmobile facilities and the implementation of snowmobile safety, enforcement and education programs.

The State Patrol Highway Account funds activities of the Washington State Patrol, including traffic enforcement (and associated criminal investigations), commercial vehicle enforcement and ferry vessel and terminal security.

The Transportation Partnership Account funds projects and improvements from the 2005 Transportation Partnership Omnibus Transportation Appropriations Act.

The Rural Arterial Trust Account funds construction and improvement of county roads and bridges.

The Motor Vehicle Account is the main source of funds for highway construction, maintenance, ferries and support services. A portion of motor fuel tax revenues is distributed to cities and counties for road programs.

The Puget Sound Ferry Operations Account funds ferry operations and maintenance.

The Transportation Improvement Account funds administration of the Transportation Improvement Board and grants for local government transportation projects that address congestion.

The Multimodal Transportation Account funds all modes of transportation projects, including public transportation, rail and bicycle/pedestrian projects.

The Transportation 2003 Account funds debt service on bonds and Washington State Department of Transportation operating and capital highway programs.

Local Revenue

This initiative repeals local authority to impose a TBD vehicle fee. TBD vehicle fees are used by 62 municipalities across the state to fund local improvements such as road repair and maintenance, transit systems and sidewalks. In fiscal year 2018, TBDs using a vehicle fee across the state collected \$58,186,839. This revenue would be eliminated beginning on the effective date of this initiative.

Sections 10 and 11 would reduce the motor vehicle excise tax (MVET) that funds the Central Puget Sound Regional Transit Authority (RTA) commonly known as Sound Transit. MVET rates are reduced from .8% to .2% and will be calculated based on Kelley Blue Book vehicle value instead of the manufacturer’s suggested retail price.

This tax rate would be repealed when the RTA is able to refund, refinance or defease, or terminate, outstanding bonds that have been issued against this tax. It is unknown if this is possible. If the bonds are not able to be defeased, the MVET will remain unchanged to pay off the bonds previously issued that are pledged to the revenue source. If the bonds are able to be defeased, Sound Transit’s revenue would be reduced by \$328,000,000 per fiscal year based on 2018 revenue. For new bonds issued, the MVET will decrease from .8% to .2%.

This initiative repeals local authority to impose a passenger-only ferry tax. Currently there are no passenger-only ferry districts using the MVET authority to fund their ferries, although they would no longer have the option.

Tax/Fee	Fiscal year 2018 revenue impact
TBD Fee	(\$58,186,839)
RTA MVET	(\$328,000,000)
Passenger-only ferry MVET	0

EXPENDITURES

State Government Expenditures

Temporary higher administrative costs at Department of Licensing and Department of Revenue

The Department of Licensing (DOL) would have temporary, higher administrative and computer costs to implement this initiative. If Sound Transit is able to defease or refinance its bonds and the MVET is reduced, DOL will issue refunds to customers who register their vehicles prior to their annual vehicle registration date. The DOL will also have costs for computer updates, temporary staffing costs for additional calls to their call center, and accounting services to issue refunds. Biennial administrative costs for the agency are \$2,740,900 in the 2019–21 biennium.

The Department of Revenue (DOR) will experience temporary, higher administrative costs to implement this initiative. The DOR will have costs for computer updates and administrative costs for rule making, accounting services to issue refunds and developing new forms. Biennial costs for the agency are \$105,900 for computer updates and administrative items in the 2019–21 biennium.

Local Government Expenditures

N/A