

Citizen's Transportation Advisory Committee Transportation Revenue Options

Transportation Benefit District

The purpose of a TBD is acquiring, constructing, improving, providing, and funding a transportation improvement within the district that is consistent with any existing state, regional and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels.

The TBD is established by the legislative body of the jurisdiction by ordinance after the function and activities of the district are made public via a public hearing. The district remains in operation not longer than 30 days after completion of the authorized improvement or series of improvements. It must be dissolved and all revenue streams terminated when all debt has been paid and responsibilities have been satisfied.

A TBD may exercise the power of eminent domain to acquire property in the same manner as a city or county. It is a quasi-municipal corporation, an independent taxing "authority", and a "taxing district" within the meaning of Article VII, sections 1 and 2 respectively of the state Constitution. The TBD has the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the jurisdiction that established the district apply to the district.

Governance

"The members of the legislative authority proposing to establish the TBD, acting ex officio and independently, shall constitute the governing body of the district." In the case where a district includes area within more than one jurisdiction (achievable if the respective legislative bodies agree to participate), the district shall be governed under an inter-local agreement but shall be composed of at least five members including at least one elected official from the legislative authority of each participating jurisdiction.

Revenue Instruments

A TBD is authorized, with majority voter approval at special or general election, to impose, or, if previously authorized, subsequently increase, the following taxes, fees, charges, and tolls:

- (a) A sales and use tax up to 0.2%, which must be voted on at least every 10 years;
- (b) A vehicle license renewal fee up to \$100;
- (c) An impact fee or charge on the construction or reconstruction of various categories of buildings, or development, subdivision, classification and reclassification of land;
- (d) Vehicle tolls on state routes or federal highways (set and imposed by the state Transportation Commission), and on city streets, or county roads (set and imposed by the local

jurisdiction, but with the approval of the state Transportation Commission), within the boundaries of the district, unless otherwise prohibited by law.

(e) A 1 year voter-approved excess levy on the property within the district;

(f) An excess levy approved by voters to retire voted general obligation debt for capital purposes only.

(g) A TBD may accept funds from other jurisdictions (e.g., the city), as well as gifts, grants and donations.

TBD's may also form local improvement districts with authority to impose special assessments on property benefited by the improvements and to issue special improvement GO or revenue bonds.

Financing Instruments

TBD's may issue GO debt in amounts, which when combined with other non-voted GO debt, do not exceed 1.5% of the districts AV. The district may additionally issue voted GO debt for capital purposes only in amounts, which when combined with other GO debt obligations, does not exceed 5% of the district's AV. TBD's may also issue revenue bonds in accordance with RCW 39.46.

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TABLE 1 Transportation Benefit District Funding Sources				
Potential Funding Source	Description	Funding Potential	Feasibility	Comments
Sales Tax	TBD authority allows rate increase up to 0.2% on Seattle tax base	Imposing the full 0.2% would yield approx. \$31.4m annually	Requires simple majority voter approval	
Vehicle License Fee (VLF)	TBD authority allows a vehicle license renewal fee of up to \$100 (\$20 non-voted, \$80 voted). TBD has already imposed non-voted portion at \$20 per vehicle per year.	The \$20 portion is anticipated to yield \$6.8m annually or \$3.4m per \$10 fee increment imposed.	Requires simple majority voter approval to impose beyond the current \$20 fee.	
Impact Fees	TBD authority allows imposition of impact fees on building construction and land development.	No estimate as the potential is heavily dependent on which classes of buildings and what land activities would be subject to the fee, the level of economic activity and the acceptable rate for the fee.	Requires simple majority voter approval.	These have generally not been considered as a viable revenue source in previous deliberations.
Tolls	TBD may request that the state set and impose a toll on a state route or federal highway, and	No estimate, as the potential depends on roadway or facility choice and rate.	Requires simple majority voter approval. Tolling authority on local roadways requires	Difficult, but funding source that is most likely to change travel behavior/impact vehicle miles traveled

	may itself, with approval, set and impose a toll on a local roadway or facility within its jurisdictional boundaries.		approval of the State Transportation Commission.	
Excess Levy	TBD may ask voters to approve one-year property tax levy for any amount.	No prescribed limit on tax levy (revenues), but levy only in effect for one year.	Requires 60% voter approval.	Applications are limited
Excess Levy (Bond)	TBD may ask voters to approve a multi-year bond measure with annual excess levies to pay the debt service on the bonds	Voted bond issuance is limited to 5% of Seattle's assessed value (AV) when combined with any other GO debt obligations. The excess levy is annually set to recover the required debt service costs for the year.	Requires 60% voter approval	Excess levies are outside of the City's statutory regular levy limits.
Local Improvement District	TBD's may form LIDs to impose assessments on the special benefits resulting from transportation projects.	Revenue stream is dependent on the value of the special benefits created.	LID is formed without voter approval, but assessments can be blocked by district property owners.	

TABLE 2 Other Local Option Revenue Sources

Potential Funding Source	Description	Funding Potential	Feasibility	Comments
Levy Lid Lift	City may ask voters to approve property tax levy for any purpose and any duration. Levy may not exceed 9 years if proceeds are used to pay debt service.	Amount of tax increase limited to the “excess capacity” available (currently \$0.70/\$1,000 AV) to City. A levy of \$0.10/\$1,000 AV would generate about \$12m per year.	Requires simple majority voter approval. Would be compared with BTG and require considerable public outreach. Families and Ed levy is slated for the ballot Nov. 2011 and at the maximum is estimated to use up \$0.27 of capacity.	History of approval of lid lifts has been good. Many competing uses for lid lifts currently.
Excess Levy	Effectively same as above			
Local Option Fuel Tax	Current authority would allow King County to implement up to 3.75 cents per gallon (10% of State rate).	No current estimate done, but on the order of \$9-\$11m annually . Growth potential for fuel tax is poor because amount does not increase with price of fuel, only with consumption.	Requires support from County Council and a simple majority voter approval county-wide. There are some administrative challenges in collecting/distributing the tax.	Funds can be used for almost any transportation purpose except transit.
Employee Hours Tax (EHT)	Under the City’s business licensing authority, a tax imposed on the number of hours	EHT generated approximately \$5.8m in 2009 at a rate of \$25 per FTE . Revenue was	Requires City Council approval to re-impose the EHT. No public vote required.	EHT was one tax component of BTG. Was repealed in 2009. Tax was moderately complicated to administer for businesses and the City

	worked in Seattle or FTE by firm	expected to grow at rate of change in employment or approximately 1% annually.		
Commercial Parking Tax (CPT)	Increase to existing CPT tax rate. Existing rate is 12.5%	Tax yields approximately \$2.4m per 1% .	Requires City Council approval to increase rate. No public vote required.	Funds can be used for virtually any transportation purpose.
Impact Fees	Impact fees on building construction and land development.	No estimate as the potential is heavily dependent on which classes of buildings and what land activities would be subject to the fee, the level of economic activity and the acceptable rate for the fee.	Change in state law required to use impact fees for ped, bike and transit improvements.	These have generally not been considered as a viable revenue source in previous deliberations.