



MEMORANDUM

To: Executive Dow Constantine
From: Rob Gannon, King County Metro
John Taylor, Department of Local Services
Date: September 18, 2019
Subject: Analysis of Initiative 976 impacts in King County

Introduction. Initiative 976, “Bring back our \$30 car tab fees,” would repeal or remove authority to impose certain vehicle taxes and fees; limit state and local license fees to \$30 for motor vehicles weighing 10,000 pounds or less, except charges approved by voters after the measure's effective date; base vehicle taxes on Kelley Blue Book value; require regional transit authorities to retire bonds early where allowed; and either reduce or repeal taxes pledged to bonds depending on whether bonds are retired by 2020. I-976 will be on the November 2019 ballot statewide.

This memo provides a summary of the potential impacts of I-976 to King County Metro, the Roads Services Division, and the regional transportation system. It is based on analysis performed by the Washington State Office of Financial Management (OFM), King County, and local jurisdictions. More information on this analysis can be found in the **Technical Appendix** that begins on page 4.

Impacts on King County and local communities. King County does not currently collect a vehicle license fee (VLF) or motor vehicle excise tax (MVET), the taxing sources that would be repealed by Initiative 976. However, the State of Washington, Sound Transit, and 13 King County cities use these tax sources to fund mobility projects in King County, including many operated by Metro or Roads Services.

It is difficult to definitively determine the effects of the initiative because its implementation will rely on future decisions of the Legislature, city councils, and Sound Transit Board, and resolution of any potential legal challenges. That being said, absent replacement funds, the passage of I-976 could potentially result in significant cuts to King County and local jurisdictions, including:

- **Approximately \$119 million in cuts to Metro services between 2020 and 2025 due to reductions in the State’s Multimodal Account.** These estimates are based on analysis by the Washington State OFM, which estimates a \$1.5 billion cut to the Multimodal Account over the next six years. Reductions to programs funded by this account would be determined by the Legislature, but if the Legislature were to make an across-the-board reduction, the cuts could include:
 - \$22.8 million in cuts to Regional Mobility Grant Program awards for nine Metro projects, including RapidRide expansion, bus layover facilities, access to transit,

- transit integration, transportation demand management, speed and reliability projects, and 10,000 annual service hours on the Route 101 in Renton;
- \$29.2 million in cuts to grants awarded to the cities of Burien, Kent, Tukwila, and Seattle for RapidRide investments, access to transit, and speed and reliability improvements;
 - \$12.2 million in cuts to the Access paratransit program;
 - \$15 million in cuts to replace Metro vanpool vans;
 - \$2 million in cuts to Metro/Sound Transit coordination programs, including one for affordability and accessibility improvements for low-income passengers;
 - \$485,000 in cuts to the ORCA Summer Program, which provides bus passes to income-qualified high school students in Lake Washington and Highline districts;
 - \$1 million in cuts to a program to provide incentives to non-profits and small businesses in King, Pierce, and Snohomish Counties to provide ORCA passes to their employees;
 - \$350,000 for the transit-oriented development pilot project at the Kirkland Kingsgate Park and Ride; and
 - \$36 million to support electrification of the bus fleet.
- **\$4 million in cuts to Roads Services between 2020 and 2025 due to the potential reduction in the State's Multimodal Account and County Road Arterial Board.**
 - **Loss of the VLF as a revenue source for the existing King County Transportation Benefit District (TBD) or a potential, new unincorporated King County TBD.**
 - **Loss of 175,000 Metro bus service hours on 74 routes in Seattle, Burien, Shoreline, Skyway, Tukwila, and White Center during 2020, as a result of the cuts to the Seattle TBD funding.** The Seattle TBD is expected to lose \$36 million a year if I-976 passes.
 - **\$30.4 million in cuts to 12 suburban cities between 2020 and 2025 due to loss of the VLF as a funding source for their local TBDs.** Cities use these TBD funds for a variety of transportation-related purposes, including improvements to the right-of-way that enhance speed and reliability for transit or increase access to transit. These cuts are estimated at:
 - Snoqualmie: \$200,000 loss per year
 - Kenmore: \$350,000 loss per year
 - Mercer Island: \$376,000 loss per year
 - Lake Forest Park: \$430,000 loss per year
 - Shoreline: \$834,000 loss per year
 - Des Moines: \$919,000 loss per year
 - Burien: \$767,000 loss per year
 - Maple Valley: \$396,000 loss per year
 - Enumclaw: \$245,000 loss per year
 - Normandy Park: \$116,000 loss per year
 - Black Diamond: \$105,000 loss per year
 - Covington: \$334,000 loss per year

- **\$1-\$10 million per year in cuts to Metro services due to cuts in formula grant funding provided by the Federal Transit Administration** due to reductions in the services Metro provides as a result of I-976-related cuts.
- **Cuts of \$328 million per year to Sound Transit, based on OFM analysis.** Reporting in the *Seattle Times* indicates that Sound Transit estimates that it could face a \$20 billion impact through 2041, from the combination of collecting \$6.95 billion less in car tab revenues, as well as the cost of \$13 billion more in higher interest costs in the future.

Questions about these potential impacts can be directed to [Peter Heffernan](#) (Metro Transit) or [Bill Greene](#) (Department of Local Services). More detailed information can be found in the Technical Appendix on the following pages.



Technical Appendix

Initiative 976 Summary

Initiative 976, “Bring back our \$30 car tab fees,” would repeal or remove authority to impose certain vehicle taxes and fees; limit state and local license fees to \$30 for motor vehicles weighing 10,000 pounds or less, except charges approved by voters after the measure's effective date; base vehicle taxes on Kelley Blue Book value; require regional transit authorities to retire bonds early where allowed; and either reduce or repeal taxes pledged to bonds depending on whether bonds are retired by 2020.

This measure will be on the November 2019 ballot statewide.

Potential Impacts to State Funding in King County

If I-976 is approved by voters, the Washington Office of Financial Management (OFM) estimates that the State would realize a loss of approximately \$1.9 billion in revenues over the next six years (2020-2025). Funding reductions would continue indefinitely, but OFM has only projected the impacts through 2025.

Primary Reductions to State Revenue (2020-2025):

- Multimodal Account - \$1.5 billion
- Motor Vehicle Account - \$265 million
- Washington State Patrol Account - \$89 million
- Transportation Partnership Account - \$45 million
- Nickel Account - \$20 million

The State Legislature will need to determine which programs and projects to fund with the remaining revenue sources. Thus, it is impossible at this time to determine the specific state-funded projects or programs that would be cut as a result of I-976.

Based on the Legislature’s decisions there could be a loss of funding from the programs listed below. Unless otherwise identified, amounts are six-year projections based on the adopted 2019-2021 Transportation budget and supporting six-year project lists.

Multimodal Account. I-976 will reduce the revenue deposited in the State’s Multimodal Account by 68%, representing approximately \$1.5 billion cut over the next six years. The Multimodal Account currently funds multiple State programs, grant programs and local agency projects, including the Regional Mobility Grant Program, Rural Mobility Grant Program, Highway Safety, Puget Sound Ferry Operating and Capital programs, Washington State Patrol,

Rail Capital and Operating, Transportation Improvement Board, Bicycle/Pedestrian, Safe Routes to School, and direct allocations to cities and counties. The Multimodal Account funds many transportation investments and programs and is not restricted by the 18th Amendment. It is the largest source of State funding for public transportation. As a result, it is likely that public transit would be significantly affected, given the magnitude of reductions in this account.

Metro receives funding for capital projects from multiple grant programs that are funded from the State's Multimodal Account, including the Regional Mobility, Special Needs, Transit Coordination, and Vanpool programs. In addition, Metro has multiple projects funded directly from the Multimodal Account in the state transportation budget. Metro funded projects that could be at risk due to their reliance on Multimodal funds are listed below.

1. Regional Mobility Grant Program – \$52 million

- Metro currently has nine projects awarded totaling \$22.8 million. Cities in King County have five projects that benefit Metro that have been given an additional \$29.2 million. These funds are awarded to projects that support the RapidRide expansion program, service, bus layover facilities, access to transit, transit integration, transportation demand management and speed and reliability projects.
- Metro and partner cities throughout King County have been planning to seek funding from the Regional Mobility grant program to help implement METRO CONNECTS elements such as RapidRide expansion, base expansion, and other capital improvements.
- Most of the Regional Mobility Grant programs are for capital improvements, except in Renton where nearly 10,000 hours of service on the Route 101 could be affected if these grants are reduced.
- Metro or its city partners would likely qualify for additional grant funding in 2023-2025, but these funds have not yet been allocated and so cannot be tallied here.

Regional Mobility Grant Program	2019-21	2021-23	2023-25	Total
Metro Lead Projects	\$19,917	\$2,889	\$0	\$22,806
King County Metro Northgate Transit Center TOD - Access and Facility Imp - 20170003	4,512	0	0	4,512
King County Metro Route 101 Service Increase: Renton to/from Seattle - 20170004	1,460	0	0	1,460
King County Metro Eastlake Off-Street Layover Facility - 20170005	6,337	0	0	6,337
King County Metro Renton to Auburn Transit Speed, Reliability & Service - 20170008	3,496	1,269	0	4,765
King County Metro/Sound Transit Link Station Integration - 20170013	1,456	0	0	1,456

Regional Mobility Grant Program	2019-21	2021-23	2023-25	Total
King County Metro Totem Lake/Kirkland to Bellevue/Eastgate Transit Imp - 20170020	500	1,620	0	2,120
King County Metro Transit Speed & Reliability Hot Spot Imp Program - 20170024	1,400	0	0	1,400
King County Metro - Park and Ride Efficiency and Access Project - 20150009	100	0	0	100
King County Metro - Route 245 Corridor Speed and Reliability Improvement - 20150008	656	0	0	656

Dollar amounts shown in thousands

Regional Mobility Grant Program	2019-21	2021-23	2023-25	Total
City Lead Projects	\$20,396	\$8,764	\$0	\$29,160
City of Kent: Rapid Ride Facility Passenger Amenities & Access Improv. - 20190004	1,236	6,764	0	8,000
City of Tukwila: South King County Regional TDM for Centers & Corridors - 20190005	160	0	0	160
Seattle DOT: Market/45th RapidRide - 20190009	4,000	2,000	0	6,000
City of Burien: Ambaum Blvd and H Line Transit Pathway Improvements - 20190011	10,000	0	0	10,000
Seattle, City of - Delridge to Burien RapidRide Line - 20170025	5,000	0	0	5,000

Dollar amounts shown in thousands

2. Special Needs Transportation Funding - \$14.5 million (2019-2021)

- Metro receives funding from the State to help cover the cost of providing transportation for customers with special needs. This helps to fund our Access paratransit program.
- Absent additional revenue, loss of this funding would affect Metro's ability to maintain or improve the quality of this service.
- In addition, multiple non-profit providers of transportation for special needs customers could be affected by reductions to this program.

3. Vanpool Program - \$15 million

- Metro receives funding to help to replace vans that have reached the end of their useful life.
- With the largest vanpool program in the state, Metro typically receives \$5 million per biennium.

4. Central Puget Sound Transit Coordination Grant Program - \$2 million (2019-2021)

- Metro partners with Sound Transit, Community Transit, Pierce Transit and Everett Transit to receive funding to help integrate planning, transportation demand management programs, and ORCA fare payment programs in King, Pierce, and Snohomish counties.

Transit Coordination Grant Program	2019-21	2021-23	2023-25	Total
Projects	\$2,000	\$0	\$0	\$2,000
Sound Transit - Affordability and Accessibility Improvements for Low Income Riders	1,000	0	0	1,000
Sound Transit - Regional Transit Marketing Program	1,000	0	0	1,000

Dollar amounts shown in thousands

5. Specific Appropriations included in State Transportation Budget – \$1.8 million

- ORCA Student Summer Program - \$485,000
- Incentives to nonprofits and small businesses in King, Pierce, and Snohomish Counties to provide ORCA passes to their employees - \$1 million
- Transit-Oriented Development pilot project at the Kirkland Kingsgate Park and Ride - \$350,000

6. State Green Transportation Program – \$36 million

- This new grant program, which was authorized in the 2019 State Legislative session, supports public transportation's investments in cost-effective electrification projects.

State Roads Grant Funding & Capital Project Impacts. King County's Department of Local Services (DLS) receives funding for capital projects from multiple grant programs that are funded from the Multimodal Account and Rural Arterial Trust. Both accounts will be reduced if I-976 passes. In addition, DLS is eligible to receive (though has not routinely received) state funds from other accounts that will be affected by I-976, such as the Transportation Improvement Board.

1. Direct distribution – \$3 million (six year total)

- Roads receives about \$500,000 per year in direct distributions from the Multimodal Account, as part of the Connecting Washington tax package.

2. County Road Arterial Board (CRAB) – Likely less than \$1 million impact over six years

- The Rural Arterial Trust Account would be reduced by approximately \$5 million from a total of \$166 million¹. DLS has received less than \$10 million over the last six years from this program, primarily for road overlay projects.

3. Transportation Improvement Board (TIB) – Likely no impact

- Over the six-year period the Transportation Improvement Account would be reduced by approximately \$2.5 million from a total of approximately \$726 million. Roads has not received any grant funds from this account since 2014.

Potential Impacts to Federal Funding in King County

Metro receives approximately \$80 million each year in formula grant funding from the Federal Transit Administration that is based partially on service that Metro provides. The full financial federal impact is unknown until specific information is known on any resulting bus service reduction. The impact likely would be between \$1-\$10 million per year.

Impacts to King County Revenue Authority

Passage of I-976 would eliminate the VLF revenue option for Transportation Benefit Districts (TBD) in the future, including the existing King County TBD (Ordinance 17746) and a potential future unincorporated King County TBD. The existing County TBD or a potential, new unincorporated TBD would still have the ability to levy other taxes allowed to TBDs under State law, including sales tax, gas tax, and tolling.

Impacts to Cities in King County

King County's cities will experience a number of impacts if I-976 passes, including the loss of the ability to use VLF as a revenue tool as part of a local TBD, as well as potential redirection of limited state funds by the Legislature.

Loss of VLF revenue to cities that use it as part of a TBD would be an immediate revenue impact to King County's cities. That is because, while possible state-funded program cuts would be made at the discretion of the legislature, city-funded investments through local TBDs are presumed to be eliminated due to I-976's repeal of the funding source.

¹ Current total program size is based on Governor's proposed 2019-21 budget

Seventeen cities in King County have formed TBDs, with 13 using VLF as a source of revenue, for a potential revenue loss of approximately \$240 million over the next six years.² The City of Seattle alone is projecting an annual loss of \$36 million (\$216 million over six years) that will potentially require cuts to 175,000 bus service hours on 74 routes purchased from Metro through the Seattle TBD. More information about these TBDs is listed below.

East King County. Three cities in east King County have enacted TBDs, which collected \$928,147 in 2018. Revenue loss to those cities is projected at approximately \$4.6 million by 2025.

East King County Area TBD's (using VLF)	Estimated Revenue Collected in 2018
Snoqualmie	\$196,317
Kenmore	\$355,950
Mercer Island	\$375,880
Total	\$928,147

Northwest King County (Shoreline and Lake Forest Park). Two cities in the northwest portion of the King County have enacted TBDs, which collected \$1,263,029 in 2018. Revenue loss to those cities is projected at approximately \$4.6 million by 2025.

King County Area TBD (using VLF)	Estimated Revenue Collected in 2018
Lake Forest Park	\$429,261
Shoreline	\$833,768
Total	\$1,263,029

² Based on the Office of Financial Management's fiscal impact statement, and assuming that, without I-976, the Seattle TBD would be renewed at the same level in 2020.

South King County. Seven cities in South King County have enacted TBDs, which collected \$2,882,230 in 2018. Revenue loss to those cities is projected at approximately \$14.4 million by 2025.

King County Area TBD (using VLF)	Estimated Revenue Collected in 2018
Des Moines	\$918,908
Burien	\$767,493
Maple Valley	\$396,348
Enumclaw	\$245,421
Normandy Park	\$115,620
City of Black Diamond	\$104,663
Covington	\$333,777
Total	\$2,882,230

City of Seattle. The Seattle TBD currently imposes an \$80 vehicle license fee (VLF) and 0.1% sales tax, which together generate approximately \$62 million annually. The total estimated revenue impact of I-976 is a loss of \$36 million per year.

This revenue loss from the Seattle TBD would have significant service, customer, and staffing impacts for Metro:

- Seattle TBD currently funds approximately 350,000 annual service hours, which Seattle purchases from Metro. Passage of I-976 would require the reduction of approximately 50% of those hours, or approximately 175,000 annual hours, absent additional revenue (even assuming that the Seattle TBD uses its \$20 million reserve fund to help cover service during 2020).
- Metro and the Seattle Department of Transportation (SDOT) are working together to develop service reduction scenarios to better understand the composition of the 175,000 annual service hour reduction that would be required. This level of cuts could be made using Metro's administrative authority, which allows cuts of up to 25% of service hours in a route within a single service change without seeking King County Council approval. However, given the magnitude of the cumulative impact, Metro would plan to engage with King County Councilmembers to provide information on the cuts and their impacts ahead of any planned service changes if I-976 is enacted.
- Based on analysis to date, and absent additional revenue, the necessary service reductions would likely occur in stages during the two service changes in 2020. In March 2020, a reduction of approximately 115,000 hours would be necessary, with 20,000 of those

hours for peak period service. In September 2020, the remaining approximately 60,000 hours would be cut.

- While cuts would predominantly affect Seattle, cuts would also be felt directly in Burien, Shoreline, Skyway, Tukwila, and White Center, because Seattle is funding numerous routes that cross city boundaries. In addition, the impact of the cuts would be experienced throughout the region, due to the fact that Metro provides many first/last mile trips within downtown Seattle as part of the regional transit network.
- Cuts would be expected to affect some trips on all or nearly all the 74 routes receiving some funding from the Seattle TBD, which includes the C, D, and E RapidRide lines, in addition to many of Metro's other highest-ridership routes.
 - The impacts of this reduction are likely to include increases in customer pass-ups and crowding, as well as reduced frequencies and service span.
 - Other services that would be jeopardized include Trailhead Direct and Night Owl, both of which have been funded in partnership with SDOT.
- Cuts of 175,000 annual services hours roughly translates to reductions in operations staffing of: 78 operator FTEs (if layoffs occur, part-time operators would be laid off first so actual number of affected employees could be higher); 3 first-line supervisors; and 1 chief.

Washington State Office of Financial Management Analysis of I-976

I-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 2019-2021 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.

State Revenue

The initiative reduces license fees for vehicles under 10,000 pounds 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						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Registration Fees:							
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 0.8% to 0.2% 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 0.8% to 0.2%.

The initiative also 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.

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

State Government Anticipated Expenditures

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 would issue refunds to customers who register their vehicles prior to their annual vehicle registration date. The DOL would 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 2019-2021 biennium.

The Department of Revenue (DOR) would experience temporary, higher administrative costs to implement this initiative, including costs for computer updates and administrative costs for rule making, accounting services to issue refunds and develop new forms. Biennial costs for the agency are estimated at \$105,900 for computer updates and administrative items in the 2019-2021 biennium.