

Transit Funding Options

Presentation to the
Seattle City Council

June 2, 2014



Metro Proposal Summary

- About 16 percent of the system
 - 550,000 out of 3.6M hours of service annually
 - Saves approximately \$75 million per year
- About 350,000 hours reduced on Seattle routes
 - Proportionate to Seattle's share of the system
- 110,000 Seattle boardings affected
 - More than one-third of Seattle riders
 - Impacts on riders vary tremendously
 - Metro estimates that 9%+ of riders will stop riding

Schedule

- County Council adoption of Metro proposal possible June 6 – specifics remain uncertain until then
- Cuts are planned for:
 - September 2014
 - February 2015
 - June 2015
 - September 2015

Proposed Funding

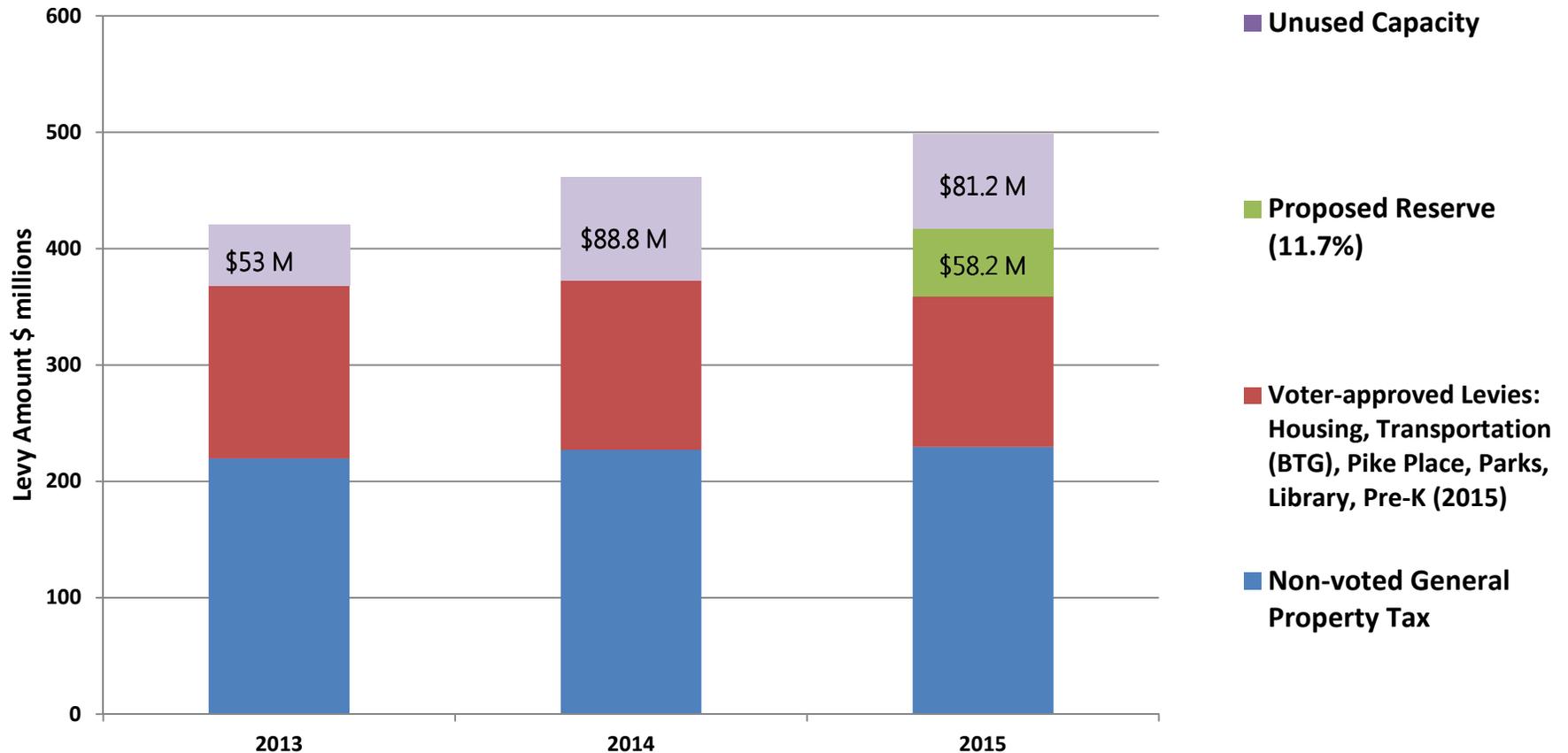
Seattle Transportation Benefit District (TBD)

- 0.1% Sales Tax
 - Increase from current rate of 9.5% to 9.6%
 - Maximum TBD authority is 0.2% (with voter approval)
 - Generates approximately \$21 million per year
- \$60 annual Vehicle License Fee (VLF)
 - Total fee for Seattle vehicle owners would be \$80 per year
 - Currently vehicle owners pay \$40 per year
 - \$20 VLF rebate to be offered to low-income vehicle owners*
 - Generates approximately \$24 million per year.

* Metro is also establishing a discounted, low-income fare.

Other Funding Sources – Property Tax

Seattle Levy Capacity, 2013-15



Why Not a Levy Proposal for Transit?

1. **Availability of Dedicated Revenue Sources** - The Transportation Benefit District provides access to revenue sources dedicated specifically to transportation purposes. The Mayor's proposal takes advantage of these dedicated sources.
2. **Future Flexibility** - voter-approved levies offer a flexible funding source that can be used for any purpose, not just transit. Preserve that capacity for other potential needs.
3. **Competing Measures** – both the Seattle Parks District and the "Pre-K for All" proposal are property tax measures.
4. **Success of Prop 1 in Seattle** – Seattle voters have already expressed a willingness support the proposed tax sources.

Other Available Funding Sources

Revenue Source	Voter Approval?	Potential Annual Revenue
Commercial Parking Tax	Not Required	~2.5M per 1.0% (Current rate is 12.5%. Sales tax of 9.5% also applies.)
Employee Tax ("Head Tax")	Not Required	\$25/employee = \$5.5M, in 2009
B&O Tax on Gross Revenues (Increase Current Rates)	Required	~\$2 M per 1.0% increase in current rates
Impact Fees	Not Required	N/A - designed to address infrastructure needs, not operating costs
Tolls	Not Required	?
Property Tax - Transportation Benefit District	Required and approval needs to be renewed annually	Annual renewals makes it an impractical source for operating costs