

# **Metro Transit:**

## **Summary of Potentially Available Funding Sources**

METRO CONNECTS is King County's adopted long-range transit plan.

METRO CONNECTS aims to increase bus service hours by 70% between 2015 and 2040. It envisions doubling transit ridership to 1 million daily boardings: 73% of residents would be within ½ mile of frequent service, with higher levels of service to low-income residents and people of color.

METRO CONNECTS was developed based on the region's growth needs and adopted comprehensive plans. It is necessary to meet our climate and growth management goals.

METRO CONNECTS is not fully funded: 1.4 million more service hours and \$5 billion in capital are needed by 2040 (approximately \$220 million in new revenue per year).

Without new funding, Metro can maintain service and adjust to new Link openings, but cannot meet regional growth or equity needs; and service may become more Seattle-centric (Seattle now funds 1/10 of all transit hours and is due to renew its voter-approved funding in 2020).

The following pages show funding sources currently available to the King County Transportation Benefit District, Metro Transit, and King County.<sup>1</sup>

<sup>1</sup> Funding source tables excerpted from 2019-RPT0075, the status report transmitted to the King County Council in response to Motion 15252.

## King County Transportation Benefit District (KCTBD) Funding Authority

*RCW 36.73 allows for the creation of local Transportation Benefit Districts. In 2014, King County created the KCTBD with Ordinance 17746. The KCTBD's geographic boundaries are those of King County. It is governed by a board made up of the members of the King County Council. RCW 36.73 provides funding authority for Transportation Benefit Districts.*

| <b>Funding Source</b>                   | <b>Authorizing Statute</b>                                    | <b>Voter Approval Needed?</b>  | <b>Max Rate</b>   | <b>Max Term</b>  | <b>Amount Raised per Increment<sup>2</sup></b>                 |
|---|---|--|---|--|--|
| <b>Non-voted Vehicle License Fee</b>    | RCW 82.80.140;<br>36.73.040(3)(B);<br>36.73.065               | No   | \$50<br><i>(over time, in increments of \$20, \$20, \$10)</i> | No restriction   | \$13.7M/year<br>per \$10                                       |
| <b>Voted Vehicle License Fee</b>        | RCW 82.80.140;<br>36.73.040(3)(B);<br>36.73.065               | Yes  | \$100   | No restriction   | \$13.7M/year<br>per \$10                                       |
| <b>Sales Tax</b>                        | RCW 82.14.0455;<br>36.73.040(3)(a)                            | Yes  | 0.2%  | 10 years<br><i>(plus 2nd 10 years with vote, can be longer if bonded)</i>    | \$75M/year<br>per 0.1%   |
| <b>Development Impact Fee</b>           | RCW<br>36.73.040(3)(c);<br>36.73.120;<br>39.92.040; 39.92.030 | No<br><i>(Must be reasonably necessary as a result of the impact of development)</i>         | Must be linked to development impact                          | One-time<br><i>(Can be paid over 5+ years, must be spent within 6 years)</i> | Depends on size of fee, geographic area where fee is applied   |
| <b>Tolls</b>                            | RCW 36.73.040(3)(d)   | Yes  | As limited by the Transportation Commission and voters        | As limited by the Transportation Commission and voters                       | Depends on size of toll, geographic area where toll is applied |
| <b>Property Tax Excess Levy</b>         | RCW 36.73.060;<br>84.52.056; Article VII, 2(a)                | Yes<br><i>(60% approval, plus required percentage of participation of previous election)</i> | In excess of 1% limit   | 1 year<br><i>(Up to 40 years if bonded)</i>                                  | \$68M/year<br>per \$0.10/\$1,000 AV                            |
| <b>Local Improvement District (LID)</b> | RCW 36.73.080   | No   | Up to amount of special benefit to property owners            | No more than 30 years for term of bonds                                      | Depends on size of fee, geographic area of LID                 |

<sup>2</sup> Amount raised is based on 2017 King County median household income of \$83,571 for the sales tax; car ownership rate of two cars/household for the vehicle license fee; or a median home value of \$582,000 for the property tax.

## Metro Transit Funding Authority

*As a transit agency, Metro Transit is granted a number of funding sources by State law. Some of these sources can fund both operations and capital. Some are limited to specific capital or operating purposes. Metro is currently imposing the maximum allowed sales tax. Other funding sources could be imposed, though in some cases are similar to or the same as funding authority available to King County government.*

| Funding Source                      | Authorizing Statute                                | Voter Approval Needed?  | Max Rate   | Max Term                                 | Amount Raised per Increment <sup>3</sup>      |
|-------------------------------------|--|---|--|--|---|
| <b>Sales Tax</b>                    | RCW 82.14.045;<br>RCW 35.58                        | Yes   | 0.9%<br><i>(NOTE: Metro is currently imposing sales tax at the maximum rate)</i>           | No limit                                 | \$75M/year<br>per 0.1%                        |
| <b>Property Tax Excess Levy</b>     | RCW 35.58.116.                                     | Yes<br><i>(60% approval, plus 40% participation of previous election)</i> | In excess of 1% limit  | 1 year                                   | \$68M/year<br>per \$0.10/\$1,000 AV           |
| <b>GO Bonds With Excess Levy</b>    | RCW 35.58.116;<br>RCW 84.52.056;<br>RCW 35.58.450. | Yes<br><i>(60% approval, plus 40% participation of previous election)</i> | In excess of 1% limit  | Term of bonds<br><i>(up to 40 years)</i> | \$68M/year<br>per \$0.10/\$1,000 AV           |
| <b>B&amp;O Taxes For Businesses</b> | RCW 35.95.040;<br>RCW 82.04                        | No  | As determined by Council<br><i>(NOTE: Cannot be imposed if sales tax is imposed)</i>       | N/A                                      | Depends on rate, types of businesses affected |
| <b>Excise Tax on Residents</b>      | RCW 35.95.040                                      | No  | \$1<br><i>Per month per housing unit (NOTE: Cannot be imposed if sales tax is imposed)</i> | N/A                                      | \$10.8M/year<br>per \$1                       |

<sup>3</sup> Amount raised is based on 2017 King County median household income of \$83,571 for the sales tax; a median home value of \$582,000 for the property tax; or a total of 902,107 housing units for the excise tax (based on American Community Survey 2013-2017 five-year estimates).

## King County Funding Authority for Transit Purposes

*King County, as a government, has a number of funding sources available that can be used to fund transit. Some of these sources can also be used for other purposes (and in some cases are already being used for other purposes).*

| Funding Source  | Authorizing Statute                   | Voter Approval Needed?   | Max Rate   | Max Term  | Amount Raised per Increment <sup>4</sup> |
|---|---------------------------------------|--|--|---|--|
| <b>Sales Tax<sup>5</sup></b>                              | RCW 82.14.030(1);<br>RCW 82.14.040    | No   | 0.5%   | N/A   | \$75M/year<br>per 0.1%                   |
| <b>Sales Tax<sup>6</sup></b>                              | RCW 82.14.030(2);<br>RCW 82.14.040    | No   | 0.5%   | N/A   | \$75M/year<br>per 0.1%                   |
| <b>General County Levy Authority</b>                      | RCW 36.40.090<br>(budget)             | --   | This revenue source<br>is usually fully<br>budgeted                        | N/A   | \$68M/year<br>per \$0.10/\$1,000 AV      |
| <b>Property Tax Excess Levy Capital GO Debt</b>           | RCW 84.52.056                         | Yes<br>(60% approval,<br>plus 40% participation<br>of previous election) | In excess of 1%<br>aggregate limit   | Term of bonds<br>(up to 40 years)                                 | \$68M/year<br>per \$0.10/\$1,000 AV      |
| <b>Property Tax Single Year Levy Lid Lift (Temporary)</b> | RCW 84.55.050(1);<br>WAC 458-19-045   | Yes  | Limit factor is 101%<br>after first year                                   | As on ballot<br>(No more than 9 years if<br>for debt service)     | \$68M/year<br>per \$0.10/\$1,000 AV      |
| <b>Property Tax Single Year Levy Lid Lift (Permanent)</b> | RCW 84.55.050(1)                      | Yes  | Limit factor is 101%<br>after first year                                   | Bump in year one<br>(No more than 9 years if<br>for debt service) | \$68M/year<br>per \$0.10/\$1,000 AV      |
| <b>Property Tax Multi-Year Levy Lid Lift (Temporary)</b>  | RCW 84.55.050(2);<br>RCW 84.55.050(5) | Yes  | Specify limit factor<br>for years 2-6<br>(Reverts to 101%<br>after year 6) | As on ballot<br>(No more than 9 years if<br>for debt service)     | \$68M/year<br>per \$0.10/\$1,000 AV      |

<sup>4</sup> Amount raised is based on 2017 King County median household income of \$83,571 for the sales tax; or a median home value of \$582,000 for the property tax.

<sup>5</sup> If the County imposes 0.5%, the cities may not impose more than 0.0425%

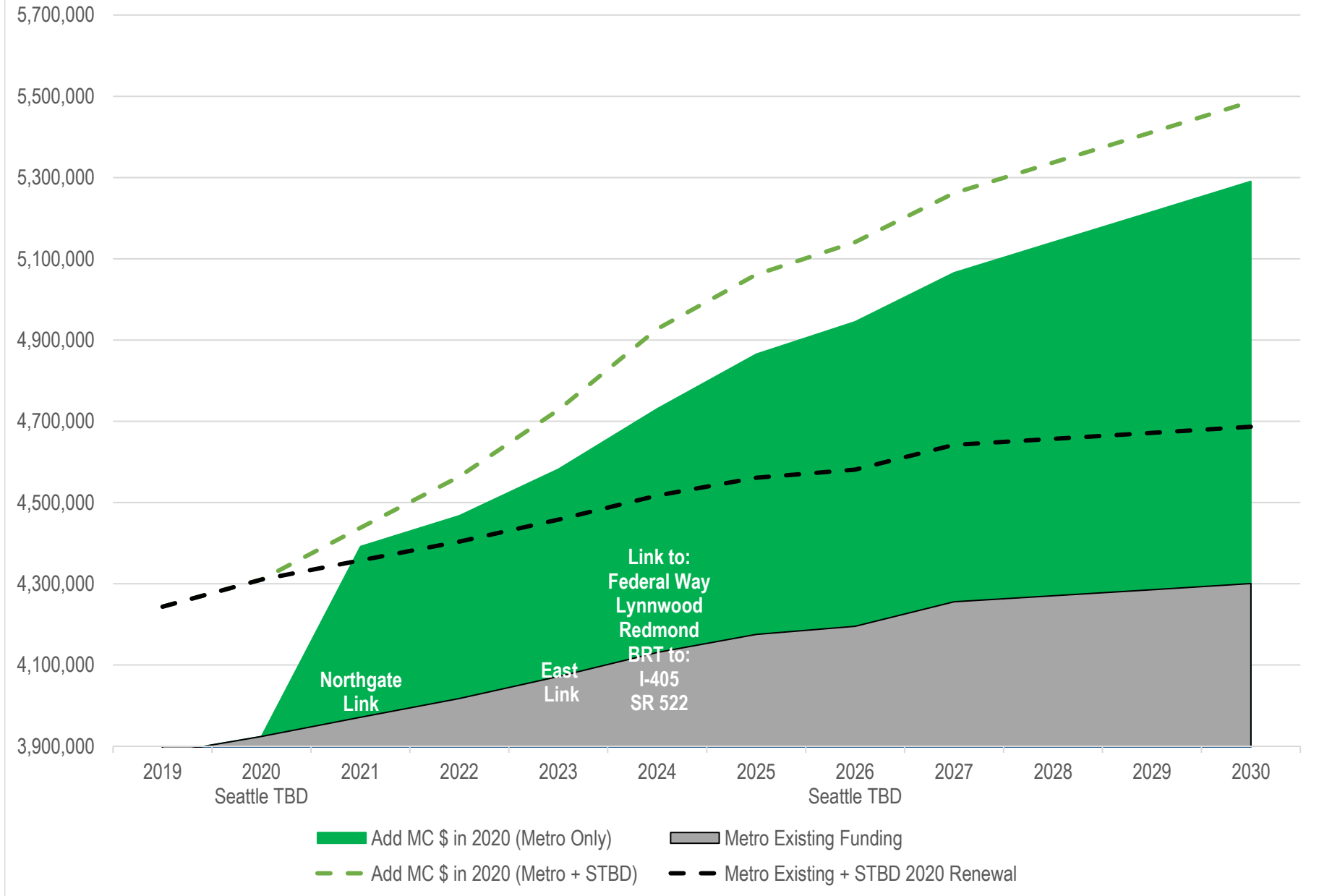
<sup>6</sup> If a city imposes this tax up to the maximum rate, the city must provide the County 15% of the tax.

| <b>Funding Source</b>  | <b>Authorizing Statute</b>            | <b>Voter Approval Needed?</b> | <b>Max Rate</b>   | <b>Max Term</b>   | <b>Amount Raised per Increment<sup>4</sup></b> |
|--|---------------------------------------|-------------------------------|---|---|--|
| <b>Property Tax Multi-Year Levy Lid Lift (Permanent)</b>               | RCW 84.55.050(2);<br>RCW 84.55.050(5) | Yes                           | Specify limit factor for years 2-6<br><i>(Reverts to 101% after year 6)</i> | As on ballot<br><i>(No more than 9 years if for debt service)</i> | \$68M/year<br>per \$0.10/\$1,000 AV            |
| <b>Road Improvement Districts</b>                                      | RCW 36.88                             | No                            | Owners “specially benefited”  | Tied to term of debt  | Depends on level, geographic area              |
| <b>County Transit Property Tax Additional Regular Levy<sup>7</sup></b> | RCW 84.52.140                         | Yes                           | \$.075 per \$1,000 AV   | None  | \$51M/year<br>per \$.075/\$1,000 AV            |

<sup>7</sup> First \$.01 must be used to add capacity to SR520, remainder for “transit related expenditures”

# Funding for METRO CONNECTS in 2020 + Seattle TBD renewal

**MC Goal: 6M  
hours by 2040**



**MC Goal: 6M  
hours by 2040**

Funding for METRO CONNECTS in 2024 + Seattle TBD renewal in 2020

