

Transportation Benefit Districts Overview

Workshop

November 16, 2022

- Chapter 36.73 RCW authorizes cities to form transportation benefit districts (TBDs)
- Funding is primarily through sales taxes or vehicle license fees
- Revenue is used specifically for transportation improvements included in a local, regional or state transportation plan

- The TBD must be formed prior to adopting a sales tax increase
 - Public hearing required
 - Must specify the boundaries of the district and that transportation improvements will be funded

- If the boundaries of the TBD are the same as the City, the TBD is governed by the members of the city council and must hold separate meetings from the city council
- The City may vote to assume the TBDs powers with the result that the TBD ceases to exist as a separate legal entity and will not require separate meetings (assumption of powers may require separate ordinance)

- Sales tax funding

- 0.1% sales tax without voter approval (councilmanic) for 10-year period with indefinite renewal of 10-year periods (subject to potential referendum)
- Up to 0.2% sales with voter approval for 10-year period with option of voters renewing tax for additional 10-year periods

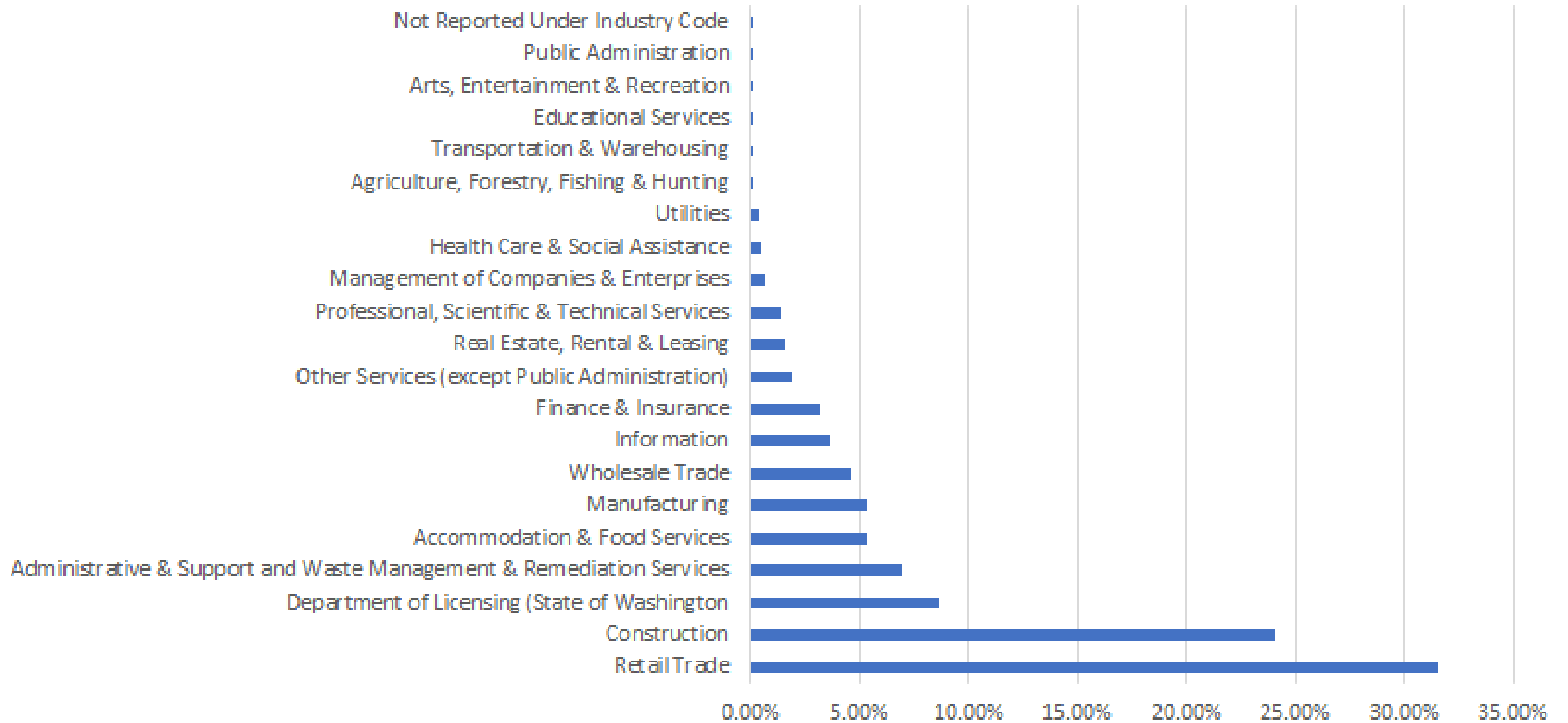
- Vehicle license fee funding (not being recommended)
 - Up to \$50 without voter approval (first \$20 for first two years, additional \$20 for third and fourth years and additional \$10 after four years)
 - Up to \$100 with voter approval
 - Any nonvoter fee higher than \$40 is subject to potential referendum

- Timing of sales tax rate changes
 - Taking effect January 1, Department of Revenue must be notified by October 18
 - ***Taking effect April 1, DOR must be notified by January 16***
 - Taking effect July 1, DOR must be notified by April 17

- Timing of sales tax receipts
 - There is approximately a two-month delay in receiving taxes for the month in which they were collected
 - Taxes that are collected in April are received June 30

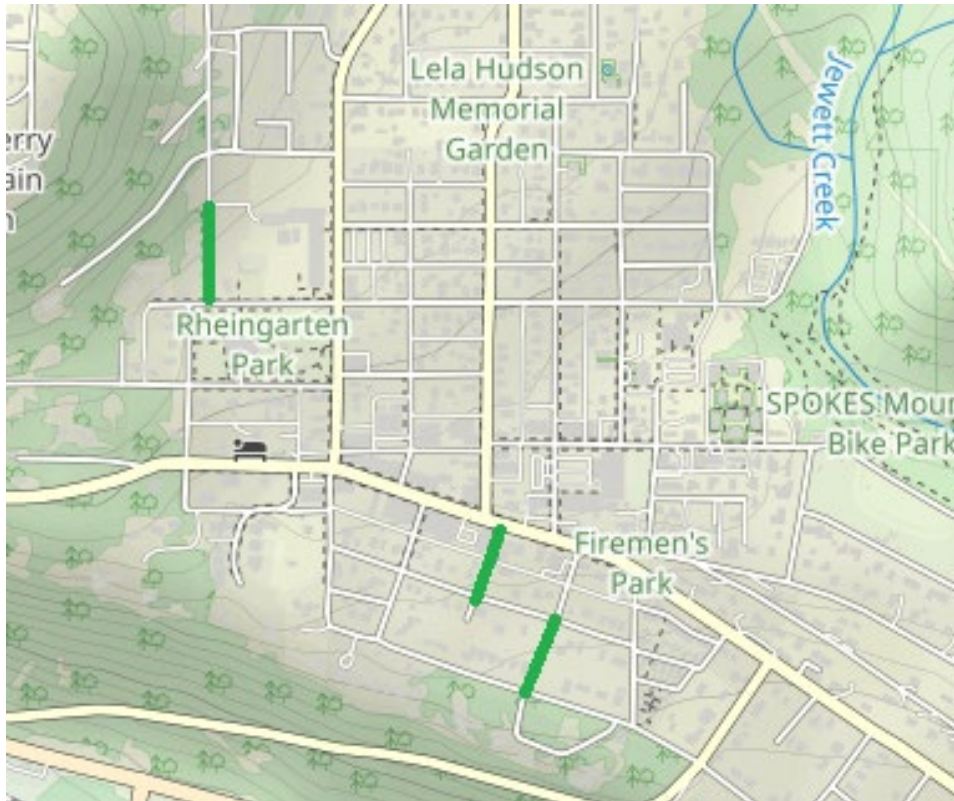
- 2021 sales tax revenue basis: \$72,790,709
- 0.1% sales tax would generate approximately \$72,791 per year
- Based on an April 1 start date the amount generated in 2023 would be \$44,666 (note first date of tax receipts would be June 30, 2023)
- By June 1, 2024 approximately \$72,791 (based on 2021 revenue basis) would be generated

Source of Sales Taxes



- Need for additional transportation funding
 - Decrease in vehicle licensing funds with passage of Initiative 695 in 1999
 - 1% cap on increase in property taxes with passage of Initiative 747 in 2001
 - Current funding for street fund does not provide for capital improvements

- Need for additional transportation funding
 - Unfunded transportation capital improvement projects
 - Six-year Transportation Improvement Plan = \$7,319,309
 - STIP does not include all transportation improvements needed in the City



Examples of street projects funding could be used to support

- 4th Ave. (Wyers St. to Oak St)
- 3rd Ave. (Jewett Blvd. to Wyers St.)
- Michigan Ave. (Washington St. to Michigan Extension)

4th Ave

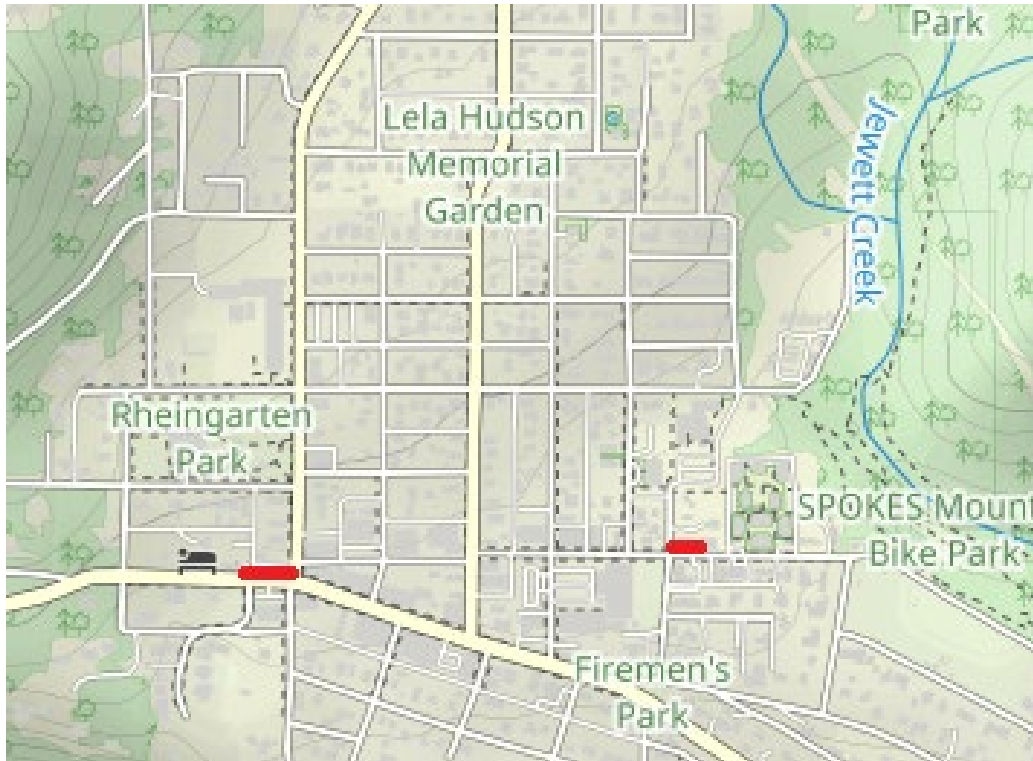


3rd Ave



Michigan Ave





Examples of sidewalk projects funding could be used to support

- Tohomish Avenue
- Jewett Blvd. (City Hall)

Jewett Ave (City Hall)



Tohomish Ave



- Next step options

- Move forward with drafting ordinances (see example of Battleground ordinance) for consideration at future council meeting
- Provide additional information before moving forward with drafting ordinance
- Hold additional workshop
- Do nothing