

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
SDOT	Bill LaBorde/206.484.8662	Christie Parker/206.684.5211

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to a sales and use tax; providing for the submission to qualified electors of the City at an election to be held on November 3, 2020, a proposition to collect a sales and use tax to fund transit and related transportation programs in Seattle.

**Summary and background of the Legislation:** On September 20, 2010, the Seattle City Council approved Ordinance 123397 to establish the Seattle Transportation Benefit District (STBD). The purpose of the measure was to allow the City of Seattle to leverage additional revenue to preserve and maintain transportation infrastructure and enhance Seattle transportation choices, including public transit. Upon establishing the STBD, its governing board imposed a \$20 annual vehicle license fee to fund these preservation and enhancement efforts.

On July 17, 2014, the STBD Board approved Resolution 12, placing a measure (Proposition 1) on the November 2014 General Election ballot for the purposes of funding Metro Transit service in Seattle. The ballot measure asked District voters to authorize an up to one-tenth of one percent sales and use tax, and an annual vehicle license fee of up to an additional \$60 per registered vehicle with a \$20 rebate for low income individuals. Council, acting as the STBD Board, established a December 31, 2020 sunset date for Proposition 1.

Proposition 1 passed with 62% approval and on December 1, 2014, the STBD board approved Resolution 14, fully imposing the vehicle license fee and sales tax. Subsequently, the state legislature authorized cities to subsume the authority and powers of a Transportation Benefit District (TBD) with boundaries contiguous with a city's following a public hearing and ordinance passage. Council took advantage of this authority by passing Ordinance 120570, which was signed by the Mayor in July 2016. Ordinance 125606 passed two years later in June 2018 incorporating material changes to the scope of Proposition 1 to accommodate the ORCA Opportunity program and other changes.

In November 2019, a majority of statewide voters passed I-976 which, among other provisions, removed state authorization of TBD vehicle license fee authority. While 76% of Seattle voters opposed I-976 and the City of Seattle, along with multiple co-plaintiffs, are challenging the constitutionality of I-976 in court, the Washington Supreme Court is unlikely to rule on this matter before a measure would need to be submitted to King County Elections for a November 3, 2020 election. For that reason, this legislation would renew only the 0.1% sales tax to maintain approximately half of the revenues approved by Seattle voters in 2014. This legislation prioritizes revenues for transit service to preserve the Frequent Transit

Network to the degree possible, while also allowing some funds to be spent on low income access programs as well as mobility needs that will help those impacted by fallout from the COVID-19 emergency and closure of the West Seattle Bridge. This measure would constitute a new STBD program that could be renewed by voters at the end of the stated 6-year term.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? \_\_\_ Yes X No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? \_\_\_ Yes X No

If the ballot measure is approved by Seattle voters, appropriations and revenues associated with this action will be included in future budget legislation.

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

This action authorizes the City to put forth a measure in the November 2020 election. The associated election costs are estimated to be \$761,000 to \$988,000, including costs for the Voter's Guide. If approved by voters, revenues will be substantially less than the current STBD program due to the lack of vehicle license fee revenues and the economic impacts of COVID-19 on sales tax collections. Nevertheless, voter approval of this measure will maintain a base level of funding to purchase transit service hours, fund capital improvements on key transit corridors, and fund low-income transit access programs now funded through the 2014 Proposition 1. In addition, the program includes transportation investments to help mitigate the impacts of COVID-19 and closure of the West Seattle Bridge. If this measure is approved, revenues and appropriations for the 2020 measure will be included in the 2021 Adopted Budget and subsequent budgets.

**Is there financial cost or other impacts of *not* implementing the legislation?**

If this measure is not sent to the ballot and approved by voters, the City's additional purchases of King County Metro service are likely to cease by the March 2021 Metro Transit service change. ORCA Opportunity and other low-income programs would no longer have a dedicated source of funding.

### 3.a. Appropriations

     This legislation adds, changes, or deletes appropriations.

**Appropriations Notes:** This legislation does not provide appropriations. If this measure is approved by Seattle voters, funds will be appropriated in future budget legislation. Annual appropriations are estimated as follows (dollars in millions):

2021	2022	2023	2024	2025	2026	Total
\$19.5M	\$27.1M	\$28.9M	\$30.4M	\$31.3M	\$32.3M	\$169.5M

The appropriations above have not been adjusted for accruals and ramp-down. Revenue collections are estimated to begin April 1, 2021.

### 3.b. Revenues/Reimbursements

**This legislation adds, changes, or deletes revenues or reimbursements.**

**Revenue/Reimbursement Notes:** This legislation provides a proposal to be placed on the November 2020 ballot which, if approved, will provide an estimated \$169.5 million of dedicated revenue for transportation purposes over six years; slightly less than \$20 million of this revenue will be generated in 2021, and \$27 million will be generated in the first full year of collections in 2022. These revenues are not added to the City’s budget through this legislation but will be accounted for in separate legislation if the measure is approved by voters. Annual revenues are estimated as follows (dollars in millions):

2021	2022	2023	2024	2025	2026	Total
\$19.5M	\$27.1M	\$28.9M	\$30.4M	\$31.3M	\$32.3M	\$169.5M

The revenues above have not been adjusted for accruals and ramp-down. Revenue collections are estimated to begin April 1, 2021.

### 3.c. Positions

**This legislation adds, changes, or deletes positions.**

**Position Notes:** This legislation does not add, change or delete positions. Depending on the outcome of the proposal, position additions, changes or deletions will be determined through separate budget legislation.

## 4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**  
No
- b. **Is a public hearing required for this legislation?**  
No

**c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No

**d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**e. Does this legislation affect a piece of property?**

No

**f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

People of color in Seattle are more likely to be dependent on transit service for access to opportunities. If this measure fails, significant transit service will need to be cut, including added frequencies on several routes serving areas of the City with higher concentrations of people of color. Additionally, ORCA Opportunity cards distributed to all high school students, along with other low-income programs, will need to be eliminated or significantly reduced if this measure is not passed by Seattle voters.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

The legislation requires annual written reports to the public and Council on program performance. It also requires citizen oversight through the Transit Advisory Board that was created by Council following passage of the 2014 STBD measure.

**List attachments/exhibits below:**

N/A