# Summary and Fiscal Note

## 1. Legislation Summary

**Department:** Seattle Department of Transportation (SDOT)

**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, 2026, a proposition to collect a sales and use tax to fund transit and related transportation programs in Seattle; and ratifying and confirming certain prior acts.

**Background:** 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 transportation. 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 additional Metro Transit service in Seattle. The ballot measure asked District voters to authorize an up to 0.1% sales and use tax, and an annual vehicle license fee of up to an additional $60 per registered vehicle. 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) 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.

Statewide voter approval of Initiative 976 in November 2019, among other provisions, removed state authorization of TBD vehicle license fee authority. Although the State Supreme Court ruled I-976 unconstitutional in October 2020, the City needed to file a replacement measure for that year's General Election by August 4 and Council approved Ordinance 126115, asking voters to approve a maximum 0.15% sales and use tax and no Vehicle License Fee. Like the 2014 measure, the replacement ordinance also set a 6-year term, expiring on March 31, 2027 to account for the one calendar quarter notice required by the state Department of Revenue (DOR) to begin collecting a new or replacement sales and use tax.

On November 3, 2020, Seattle voters approved the sales tax only replacement measure by an 80% majority. On December 7, 2020, the City Council approved Ordinance 126250, fully imposing the 0.15% sales and use tax that DOR started collecting on April 1, 2021. Since then, after the Supreme Court declared I-976 unconstitutional, Council, in two steps, utilized the full Councilmanic VLF authority from $20 to $50 annually with revenues dedicated primarily to non-transit projects and maintenance programs. To distinguish the voter approved transit funding from the Councilmanic VLF, SDOT rebranded the Proposition 1 funding as the Seattle Transit Measure.

To avoid any gap in collections, resulting in a loss of 7% of local transit service in Seattle, including substantial reductions in evening, night, and weekend service, subsidized transit pass and access programs serving low-income residents, Seattle streetcar service, and staffing to support the design and delivery of Sound Transit 3 (ST3) projects in Seattle, Seattle voters will need to approve a replacement Seattle Transit Measure (STM) by the November 3, 2026 General Election, requiring the City Clerk to submit a signed ordinance to King County Elections no later than August 3, 2026.

The attached measure proposes a replacement Seattle Transit Measure that, if approved by voters, would authorize an increase the STM sales tax by an additional 0.15% to the statutory maximum of 0.30%. The increased revenue would, in part, cover significant inflationary impacts since passage of the 2020 measure, and cover the cost to expand the amount of transit service operated by King County Metro in Seattle by approximately 95,000 annual service hours, or by almost 50% above the current bus service levels funded through STM; continue funding Seattle Streetcar service, a city-owned transit service with annual ridership of over 1.6 million trips and growing; continue funding subsidized transit passes for young adults enrolled in the Seattle Promise Scholars program, residents of Seattle Housing Authority (SHA)-operated low income housing, and families with at least one child enrolled tuition free in the Seattle Preschool program as well as transit education programs for youth and older adults; expand access to fully subsidized transit passes for up to 12,000 additional residents participating in the Housing Choice Voucher (HCV) program; continue funding capital investments that increase transit accessibility, performance and reliability; and continue

funding staffing costs that support the City's efforts to accelerate the construction of Light Rail extensions to West Seattle and Ballard, and the Graham St infill station as passed by City Council in 2025 in Ordinance 127304.

**Summary Attachments:**

Summary Attachment 1 – STM Racial Equity Toolkit

---

## 2. Capital Improvement Program (CIP)

**Does this legislation create, fund, or amend a CIP Project?**

☐ Yes

☒ No

## 3. Summary of Financial Implications

**Does this legislation have financial impacts to the City?**

☒ Yes

☐ No

## Spend Plan for Replacement Seattle Transit Measure

Amount in millions of US dollars

**Annual Revenues**

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning balance | $0.0 | $26.3 | $36.4 | $43.3 | $49.5 | $53.8 | $56.1 | $56.1 | $53.7 | $48.6 | $40.7 |
| STM Reserve | $20.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| Annual Revenues | $88.9 | $120.0 | $125.3 | $130.4 | $134.7 | $139.0 | $143.5 | $148.1 | $152.9 | $157.8 | $40.7 |
| **Total Revenues** | **$108.9** | **$146.3** | **$161.8** | **$173.8** | **$184.2** | **$192.8** | **$199.5** | **$204.2** | **$206.6** | **$206.4** | **$81.4** |

**Annual Expenditures**

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transit Service | $66.9 | $91.9 | $99.8 | $105.1 | $110.6 | $116.4 | $122.5 | $128.9 | $135.7 | $142.8 | $79.4 |
| Transportation Access Program | $5.5 | $7.6 | $8.1 | $8.3 | $8.8 | $9.1 | $9.6 | $9.9 | $10.5 | $10.8 | $2.0 |
| ST3 Staffing | $5.2 | $5.4 | $5.6 | $5.8 | $6.0 | $6.2 | $6.4 | $6.6 | $6.8 | $7.1 | $0.0 |
| Transit Infrastructure | $5 | $5 | $5 | $5 | $5 | $5 | $5 | $5 | $5 | $5 | $0.0 |
| **Total Expenditures** | **$82.6** | **$109.9** | **$118.5** | **$124.2** | **$130.4** | **$136.7** | **$143.5** | **$150.5** | **$158.0** | **$165.7** | **$81.4** |
| **Ending Fund Balance** | $26.3 | $36.4 | $43.3 | $49.5 | $53.8 | $56.1 | $56.1 | $53.7 | $48.6 | $40.7 | $0.0 |

**Reserves**

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ramp Down Reserve[1] | $20.0 | $24.0 | $28.0 | $32.0 | $36.1 | $40.1 | $40.1 | $40.1 | $40.1 | $40.1 | $0.0 |
| Service Planning Reserve[2] | $6.3 | $12.4 | $15.3 | $17.5 | $17.7 | $16.0 | $16.0 | $13.6 | $8.5 | $0.6 | $0.0 |
| **Total Reserves** | **$26.3** | **$36.4** | **$43.3** | **$49.5** | **$53.8** | **$56.1** | **$56.1** | **$53.7** | **$48.6** | **$40.7** | **$0.0** |
| **Unreserved Balance** | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |

[1] Ramp Down reserve covers the ramp down costs of transit service and ILA obligation for streetcar
[2] Service Planning reserve reflects the need to build up a reserve to maintain consistent service and programmatic levels through the measure as projected cost increases outpace projected revenue increases.

## 3a. Appropriations

This legislation does not provide appropriations. If this measure is approved by Seattle voters, funds will be appropriated in future budget legislation.

## 3b. Revenues/Reimbursements

This legislation provides a proposal to be placed on the November 2026 ballot which, if approved, will provide an estimated $138 million of dedicated revenue for transportation purposes on average annually over ten years; slightly less than $90 million of this revenue will be generated in 2027, and $120 million will be generated in the first full year of collections in 2028. 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):

**Anticipated Revenue/Reimbursement Resulting from This Legislation**:

| 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $88.9M | $120M | $125.3M | $130.4M | $134.7M | $140M | $143.5M | $148.1M | $152.9M | $157.8M | $40.7M | $1.38B |

Revenue collections are estimated to begin April 1, 2027.

**Revenue/Reimbursement Notes**:

## 3c. Positions

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.

## 3d. Other Financial Impacts

**a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.**

This action authorizes the City to put forth a measure in the November 2026 election. The associated election costs are estimated to be between $1 million and $1.25 million, including Voter's Pamphlet costs. If approved by voters, revenues would average $138 million per year over the life of the measure, double the amount that would be collected under the sales and use tax rate of the 2020 Proposition 1 measure. The scale of the revenues collected in this measure are large enough compared to the current 2020 Proposition 1 revenues that some marginal increase in administrative overhead needs may be necessary. These costs will be identified in future budget requests, as needed.

Revenues and appropriations for the 2026 measure will be included in the 2027 Adopted Budget and subsequent budgets.

**b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?**

SDOT does not have extra resources to pay for the costs of this measure outside of renewal.

**c. What financial costs or other impacts might happen if this legislation is not implemented?**

If this measure is not sent to the ballot and/or not approved by voters, the investments made through the Seattle Transit Measure will no longer have a funding source and will either be cut or will result in significant cuts to other parts of the SDOT budget. The roughly 180,000 annual Seattle bus trips the City purchases from King County Metro would be eliminated by Metro's 2027 fall service change. This investment represents ~7% of bus service in Seattle. All other STM-funded investments would no longer have a source of funding, including transit pass subsidy programs and transit education programs currently serving more than 10,000 low-income Seattle residents, Seattle Streetcar system operations, 10 FTE the City needs to support ST3 expansion in Seattle (allowing the City to leverage Sound Transit partnership dollars), and funds to make capital investments to address transit performance and accessibility beyond the projects already funded in the 2024 Transportation Levy. Each of these investments would end at the end of 2026 (transit pass subsidies, transit education programs, additional transit capital investments, City staffing to support ST3 City staffing needs), by June 2027 (Seattle streetcar system), or the Department would have to make cuts to other, non-STM-funded programs to cover the costs to maintain those currently funded through STM.

**d. How might this legislation affect other City departments besides the one that proposed it?**

There are no net new anticipated impacts to other City departments.

---

## 4. Other Impacts

**a. Does this legislation require a public hearing?**

☐ Yes

☒ No

**b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?**

☐ Yes

☒ No

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

No

d. Race and Social Justice Initiative impacts:

**1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.**

People of color in Seattle are more likely to be dependent on transit service for access to opportunities. If this measure is not placed on the ballot or if the measure fails, significant transit service would be cut, including added frequencies on several routes serving areas of the City with higher concentrations of people of color. Additionally, ORCA cards distributed to 10,000 low-income individuals and families, and to young adults would be eliminated or significantly reduced if this measure is not passed by Seattle voters. A higher proportion of low-income residents identify as people of color and would be disproportionately impacted. In addition, there would be no identified funding source for the Streetcar system, which serves more people of color than the Metro systemwide average.

If the legislation passes, SDOT will continue its established practice of making service investments using and equity-centered prioritization methodology. Generally, SDOT invests routes that travel to and through historically disinvested areas or that serve historically disadvantaged communities. SDOT also invests in service at times of day when low-income and transit dependent people are more likely to ride transit based on ridership data SDOT receives from Metro.

The motivation behind this investment methodology is to directly offset the burden of sales tax on those who are most impacted by its regressivity and to ensure that high quality, reliable transit service is available and accessible to those who need it most.

**2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.**

Seattle Transit Measure Racial Equity Toolkit is attached as Summary Attachment 1.

**3. What is the Language Access Plan for communicating with the public about this legislation?**

Background information on the Seattle Transit Measure is currently available in Spanish, Chinese, Vietnamese, Somali and Amharic. SDOT will continue to provide information about STM renewal in these languages online and in print, including through a multicultural media campaign. If additional language access is required, SDOT will offer it.

e. Climate change impacts:

**1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.**

According to the most recent Office of Sustainability & Environment reporting, the transportation sector accounts for roughly 60% of Seattle's core greenhouse gas emissions profile. The City is pursuing many strategies to reduce carbon emissions, including vehicle electrification efforts, reflecting denser land use policies in the new Comprehensive Plan, and investing in pedestrian, bicycle and transit infrastructure improvements through the 2024 Transportation Levy. Maintaining and expanding Seattle Transit Measure and other transit service investments is another of the City's critical strategies to reducing greenhouse gas emissions as called out in Seattle's Climate Action Plan, Seattle Transportation Plan, Climate Change Response Framework, and recent Executive Orders. This legislation will contribute to decreasing Seattle's carbon emissions.

**2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.**

This legislation will make Seattle more climate resilient. STM investments in additional King County Metro bus service, subsidized transit passes for low-income residents, Seattle streetcar service, City staffing to support ST3 expansion in Seattle, and capital investments in improving transit reliability, will ensure Seattle residents have access to a frequent and reliable transit network that is easy to choose and that enables car-free mobility.

**f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?**

This 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.

**g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?**

No