

DRAFT FUNDING RECOMMENDATIONS

Based on direction given at the October 28, 2015 Transportation Futures Task Force meeting, the following draft funding recommendations were developed for Task Force discussion at the November 18, 2015 meeting.

Long Term Funding Source

The Transportation Revenue Package passed by the 2015 Washington State Legislature provided significant new revenues for the Washington State Department of Transportation, as well as additional revenue authority for Sound Transit. The Transportation Futures Task Force recognized that these new revenues and revenue authority would be largely sufficient to meet the short-term needs of these agencies. However, transition to longer-term replacement of these revenue sources will be necessary since the fuel tax funding capacity will decrease significantly over time. Also, the package falls short in addressing regional and local needs for maintenance, preservation, and capital improvements, in providing funding flexibility, and in addressing the overall need for operating funds, particularly for transit. A long-term replacement solution should:

- Be based on transportation system usage
- Directly contribute to managing congestion to achieve congestion relief and air quality objectives
- Be based on either a **Pay-Per-Mile** system, **tolling**, and/or a hybrid of the two
- Revenues from these sources should be flexible and available for a variety of modes and implementing agencies, while recognizing that allocation of funds should have a relationship to where they are generated.

Action Step: Pursue funding for a Regional Pay-Per-Mile Pilot conducted in the region, designed with the framework outlined above. State and Federal funding and participation should help implement a pilot.

Package of Short Term Funding Sources

Cities and counties play a critical role in the preservation, operation, and expansion of the region's multimodal transportation system. Local jurisdictions are responsible for more than 30,000 lane miles of roadways and 800 bridges that will cost nearly \$6.5 billion to maintain and preserve through 2040. In addition, city and county expansion needs are estimated at \$21 billion, 45% greater than those of the state highway system. Cities and counties are struggling to make these critical investments as dedicated local funding for transportation has decreased. The viability of existing local options is in question, the purchasing power of the fuel tax is in decline, and counties are losing property tax base as communities are annexed by cities, leaving significant transportation budget shortfalls in the unincorporated areas of the region. In addition, the previous three statewide fuel tax increases have been largely focused on highways and megaprojects rather than local needs. Local jurisdictions must also balance other priorities such as criminal justice and human services that compete with transportation for general fund resources. A regional gap of nearly \$13 billion exists for city and county transportation investment needs and available funding over the next 25 years.

New flexible and dedicated transportation funding tools will be critical to make near-term investments necessary to accommodate growth and improve mobility until such time as a flexible long term market-based transportation funding mechanism has been implemented.

Action Step: Local jurisdictions should fully enact unused, existing transportation revenue authority. These include:

- Commercial Parking Taxes
- Local Option Taxes – Transportation Benefit Districts
- Local Option Motor Vehicle and Special Fuel Taxes for Counties

- Property Tax Road Levies
- Transit Taxes

Action Step: Sources should be developed to meet short-term regional needs because existing revenue authority and sources are not enough: Possibilities include:

- A regional sales tax on fuel – dedicated to local jurisdictions and local transit
- Additional sales tax authorization for some transit agencies
- Fee increases