



Q&A on Tim Eyman's Initiative 947

July 11, 2017

How would Initiative 947 impact Sound Transit financially?

Evaluation of Initiative 947 is underway and is not complete. The Initiative would impact the collection of MVET by Sound Transit to fund the buildout of the regional high capacity transit system.

- If the Initiative were to repeal Sound Transit's authority to collect the voter approved ST3 MVET (0.8 percent) it would reduce agency tax collections by approximately \$6.9 billion through 2041.
- The initiative contains language about switching the collection method for Sound Transit's original voter-approved Sound Move MVET of 0.3 percent. If this change occurred it would require the agency's tax collections to use a tax assessment methodology based on Kelley Blue Book valuations. Moving to a Kelley Blue Book system would entail impacts that are difficult to estimate since collections would be based on an alternative valuation system and could require instituting some type of vehicle inspection and appraisal system. Initial modelling indicates tax collections could be reduced by between \$400 million to \$500 million excluding increased costs of collections.
- If the initiative were to fully eliminate the collection of the voter-approved Sound Move MVET (0.3 percent) it would result in reduction of an additional \$1.2 billion of Sound Move MVET taxes through 2028.

The potential reduction of Sound Move and ST3 MVET taxes could range from \$6.9 billion to \$8.1 billion, depending on which taxes are repealed and to what extent. This range does not include taxpayer costs for additional borrowing that could be used to offset the revenue loss. Analysis of the total fiscal impacts, including both the revenue loss and higher agency borrowing costs, is underway.

The text of the initiative is available at:

https://www.sos.wa.gov//_assets/elections/initiatives/FinalText_1400.pdf

How would Initiative 947 impact Sound Transit projects?

If enacted the initiative would significantly reduce revenues for building voter-approved transit projects in response to the region's fast-rising population and congestion. These projects include building out a 116-mile light rail system that reaches Tacoma, Everett, downtown Redmond, West Seattle, Ballard, South Kirkland and Issaquah; establishing bus rapid transit along the north, east and south sides of Lake Washington; and expanding Sounder commuter rail service. The reduced revenues would require decisions by the Sound Transit Board on canceling and/or delaying projects and on potentially increasing borrowing and associated debt service costs.

What does the initiative require in order to be enacted into law?

If the initiative gets at least 259,622 valid voter signatures by the end of 2017 it would advance to the Legislature, which could (1) adopt the measure into law; (2) send the measure on to voters for consideration in November 2018; or (3) approve an alternative and send both measures to voters.

At a news conference on July 11 Tim Eyman asserted that Sound Transit “lied” about the Sound Transit 3 ballot measure. What is Sound Transit’s response?

The below background responds to statements at the news conference.

Did Sound Transit request only \$15 billion in revenue authority from the state and then improperly propose a \$54 billion measure?

Sound Transit worked closely with the governor and Legislature leading up to and through the 2015 session to identify tax sources that could comprise a Sound Transit 3 revenue package. At the time the Sound Transit Board identified its legislative request it issued a news release reflecting that \$15 billion is the amount of new taxes that would be collected in the first 15 years.

People frequently talked about “\$15 billion” during the 2015 legislative session based on anticipation that a ST3 measure could mirror the 15-year period of ST2. However, the agency made clear it had not yet determined the scale or duration of the measure, and that existing taxes, bonds and federal funds would also be part of the funding. It was emphasized that the details of the measure would be shaped by extensive public involvement in 2015 and 2016. As covered extensively by news media, the Sound Transit Board moved toward a larger measure spanning 25 years based on strong support around the region.

Senate Bill 5987, a bi-partisan state transportation revenue package passed in July 2015 authorized Sound Transit to seek voter approval for tax increases to fund ST3. The legislation could have but did not include a tax sunset requirement.

Did Sound Transit provide inaccurate information about the vehicle depreciation schedule for collecting the MVET?

Sound Transit’s public information reflected the provisions of state law related to MVET collections. State law adopted in 2015 directed that the increased Sound Transit MVET use the older vehicle depreciation schedule from the 1990s. During 2015 deliberations changes to this depreciation schedule were considered but rejected. This included rejection of Amendment 53 to Senate Bill 5987, offered by Sen. Doug Ericksen, which would have ended use of the old valuation schedule and required a new one that depreciated cars at a faster rate. Amendment H-2685-1 from Rep. Matt Shea failed before the House Transportation Committee.

Did Sound Transit lie about MVET payments if ST3 passed, including making a claim that MVET payments would be \$80 annually?

Sound Transit provided accurate public information about the cost of ST3 to district residents, and both the scale and composition of the ST3 package were shaped by intensive public input efforts. Agency information made clear an annual tax increase of \$80 would be collected for each \$10,000 of assessed vehicle value. Voter information reflected that a vehicle with the Sound Transit District’s median value of \$5,333 would see an annual MVET increase of \$43. After the election an analysis using 2016 data concluded that the typical amount would be \$42.

A comprehensive website for the ST3 measure included a tax calculator allowing people to estimate for themselves their likely costs. The Seattle Times prominently published its own similar tax calculator. In addition to the many thousands of people who used these resources

Sound Transit also printed and mailed to every voter household in the district a Mass Transit Voter's Guide, which detailed the costs and contents of ST3 as required by RCW 81.104.140(8).

At his July 11 news conference Tim Eyman promoted Initiative 947 but not three other initiatives to the Legislature related to Sound Transit that the Washington Secretary of State website shows he filed in June, initiatives 946, 950 and 951. What are these other initiatives and does Eyman intend to collect signatures for them?

At his news conference Eyman did not discuss whether he would advance the other initiatives. They each carry the same heading, "Sound Transit Lied—Revote on Sound Transit Taxes," and appear to be different permutations of an initiative seeking to completely repeal the Sound Transit 3 tax increases. Details of the initiatives are available at the below link. The agency will evaluate potential impacts if there are indications that Eyman will collect signatures for any of them.

<https://www.sos.wa.gov/elections/initiatives/Initiatives.aspx?y=2017&t=l>

What is the status of other initiatives that Tim Eyman and others proposed earlier in 2017?

No initiatives to the people qualified by the Friday, July 7 deadline for 2017. Signatures for initiatives to the Legislature can be collected through the end of the year.

Is the Washington State Legislature conducting hearings on Sound Transit?

Sound Transit received notification from officials with the Washington State Senate Majority Coalition Caucus, comprised of Republicans and one Democrat, that one of its committees will conduct hearings in September as part of an "investigation" of Sound Transit. The agency will continue to provide factual information and answers in response to members' questions.