



Don't pour state taxes into local transit

by Dann Mead Smith
President, Washington Policy Center

Think about this the next time you're sitting in traffic: The House Transportation Committee chair, along with some business, labor and environmental groups, wants you to pay a lot more to drive your car. Yet, if this plan is adopted by the state legislature, hundreds of millions of dollars generated by those new taxes will be spent in ways that will shock and frustrate many drivers.

This proposal raises gas taxes by \$2.5 billion over 10 years. Alarming, it also brings back a controversial way of raising money from drivers: car tab taxes. Known officially as the Motor Vehicle Excise Tax (MVET), car tab taxes are loathed by drivers. Before it was repealed by initiative and replaced with a \$30 flat tax, the MVET was seen as excessive and unfair because state officials over-valued people's cars in order to charge the maximum tax. It was not uncommon for people to pay \$600 a year or more for each car.

The House Democrats' transportation plan would impose a 0.7 percent tax based on the assessed value of every car. The plan would let counties impose a further 0.7 percent. The combined rate would mean an additional tax of \$168 on a \$12,000 vehicle. Double that if your family owns two cars. Add the proposed higher gas tax — which would bring the combined state and federal tax to 66 cents a gallon — to

picture the real impact of what is being considered.

Even though the proposal would have drivers pay hundreds more per year, \$720 million of that money would go to local transit agencies that do little to reduce congestion.

This style of Washington state transportation planning can be traced to 2007, when lawmakers replaced transportation priorities such as reducing congestion with five different goals: "preservation, safety, mobility, environment and stewardship."

Setting aside traffic relief as a prime transportation priority gave local bus agencies an opening. They are lobbying lawmakers this year, arguing that they are cash-starved. Despite new local taxes, bus agencies in Spokane and Pierce counties have cut routes. King County's Metro Transit raised fares and obtained stimulus money. The King County Council in 2012 also levied a new car-tab tax. Metro threatens service cuts unless it receives more revenue.

What these officials don't acknowledge is that local transit agencies take in more tax revenue than the state receives from the gas tax. According to a report we published last year using state data,

transit sales tax revenue grew 150 percent between 2001 and 2010, from \$484 million to \$1.23 billion. These costs are significant when you consider that bus and train travel serve only about 2.4 percent of daily commuter trips.

There is no reason state taxpayers should be required to pay for local bus services. Currently, local taxes fund local transit agencies. State tax dollars, on the other hand, go to state projects, including freeways and bridges. But this proposal would change that balance, giving hundreds of millions of dollars paid by drivers to local transit agencies currently unable to manage their own large budgets.

We believe local transit agencies need to be reformed so they spend tax money more wisely. They should not be bailed out by state taxpayers. Local transit is an important part of daily commutes, but giving already well-funded local transit agencies state money is not the answer to our congestion and freight mobility problems. We need to focus our finite tax revenue where it's needed most: reducing traffic congestion and helping all of us get where we need to go.

Dann Mead Smith is president of Washington Policy Center, a nonpartisan think tank promoting sound public policy based on free-market solutions.

