

Proposition 1: \$60 car tab and sales tax increase for Metro

King County officials plan 17% bus cut if new taxes aren't approved.

King County Metro

- Created in 1972
- Operates over 1500 fixed route vehicles
- 2012 Operating budget of approx. \$670 million
- Currently funded through sales taxes, fares, property taxes, car tab fee, and state & federal grants

Tax History

Tax History of King County Metro

Year	Tax Rate
1972	.3% sales tax
1980	.3% sales tax increase to .6%
2000	.2% sales tax increase to .8%
2006	.1% sales tax increase to .9%
2010	Property tax
2011	\$20 temporary car tab fee (expires 6/2014)
2014*	\$60 car tab fee
2014*	.1% sales tax increase to 1.0%

**Proposed increases*

Past Tax Increases and new plans

- In 2000, Metro promised 575,000 new hours of bus service with .2% sales tax
- In 2006, Metro promised 700,000 new hours of bus service with a .1% sales tax
- To date, Metro has provided 450,000 additional bus hours since 2000.
- Metro is planning to cut 600,000 hours of bus service if new taxes aren't approved

Why is Metro planning to cut?

- Metro officials say they have “lost” \$1.2 billion because of the recession
- Found \$800 million worth of “efficiencies”
- Found ~\$150 million of annual recurring efficiencies
- Claims \$75 million per year budget shortfall

Metro's Growing Costs vs. Revenues

Metro Costs vs. Revenues

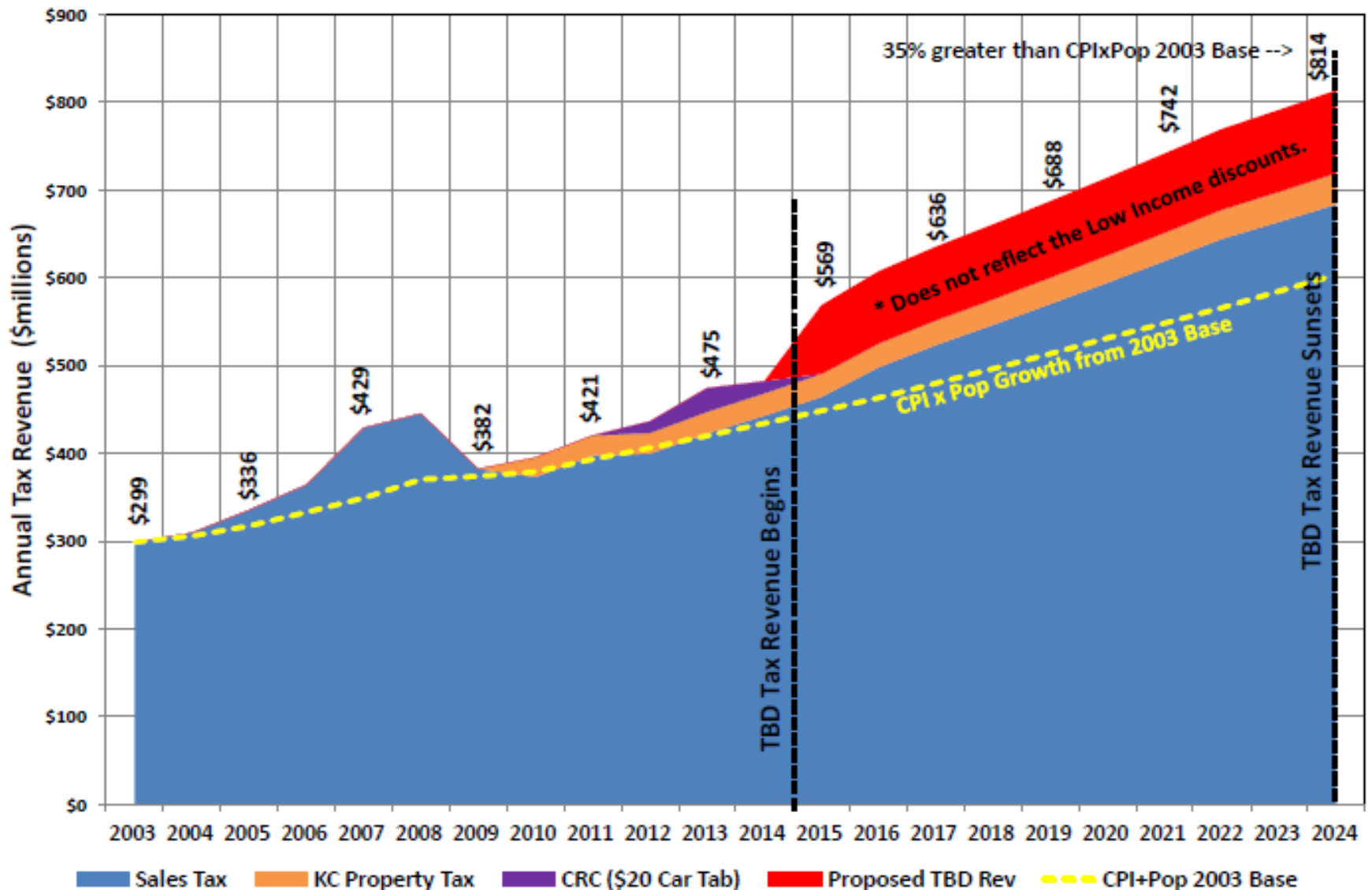
- 2000 to 2012 comparison:

- Metro's Operating Costs: +83% higher
- Metro's sales tax revenue: +67% higher
- Inflation: 33%

- Annualized growth rate over period:

- Expenses: 5.14% (pre-recession 01-07: 6.47%)
- Ridership: 1%

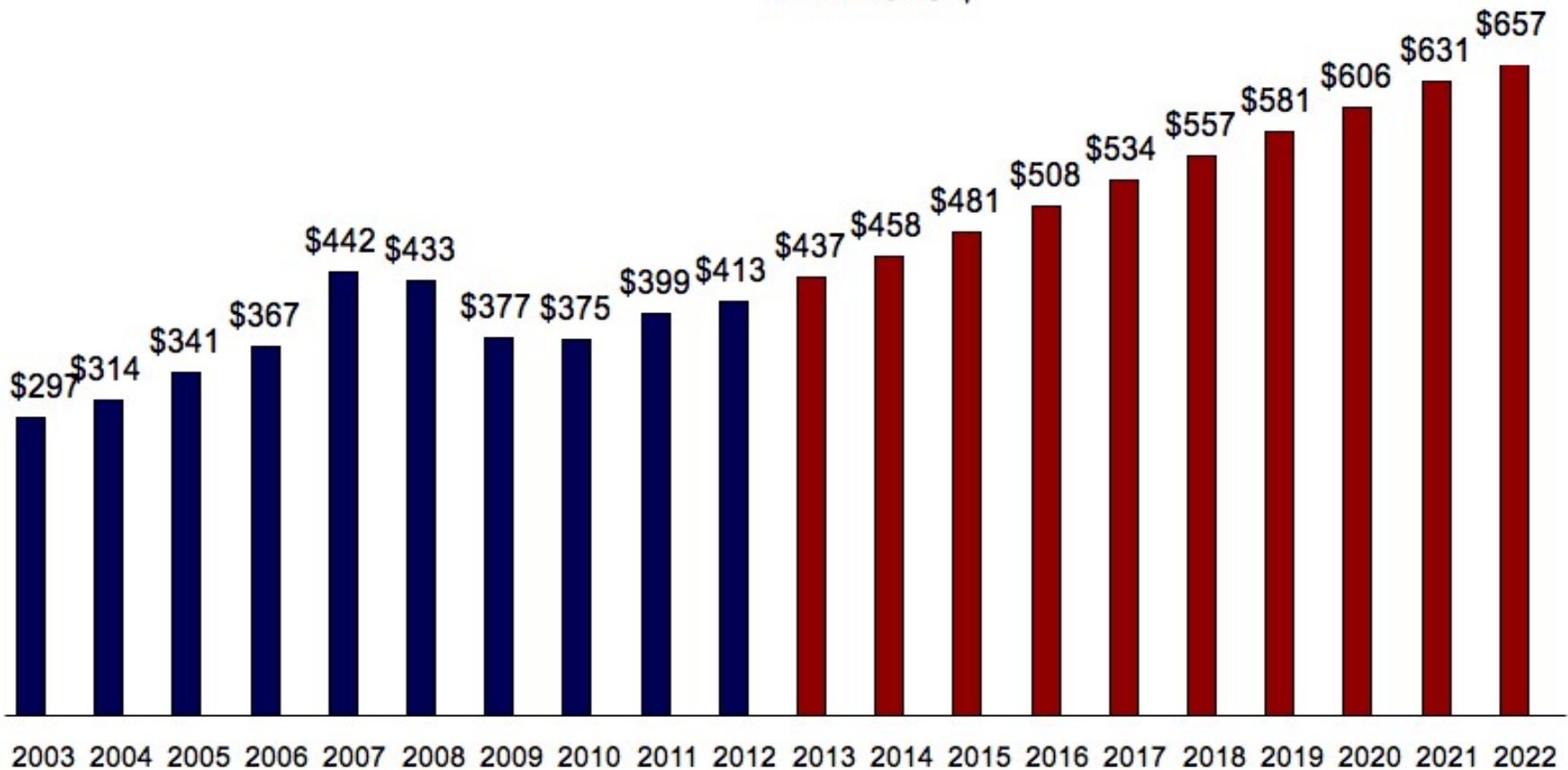
Metro Transit Tax Revenue



4.6% Annual Growth – 2.3%
Annual CPI

Metro Transit Sales Tax

In Millions \$



Municipal League Findings

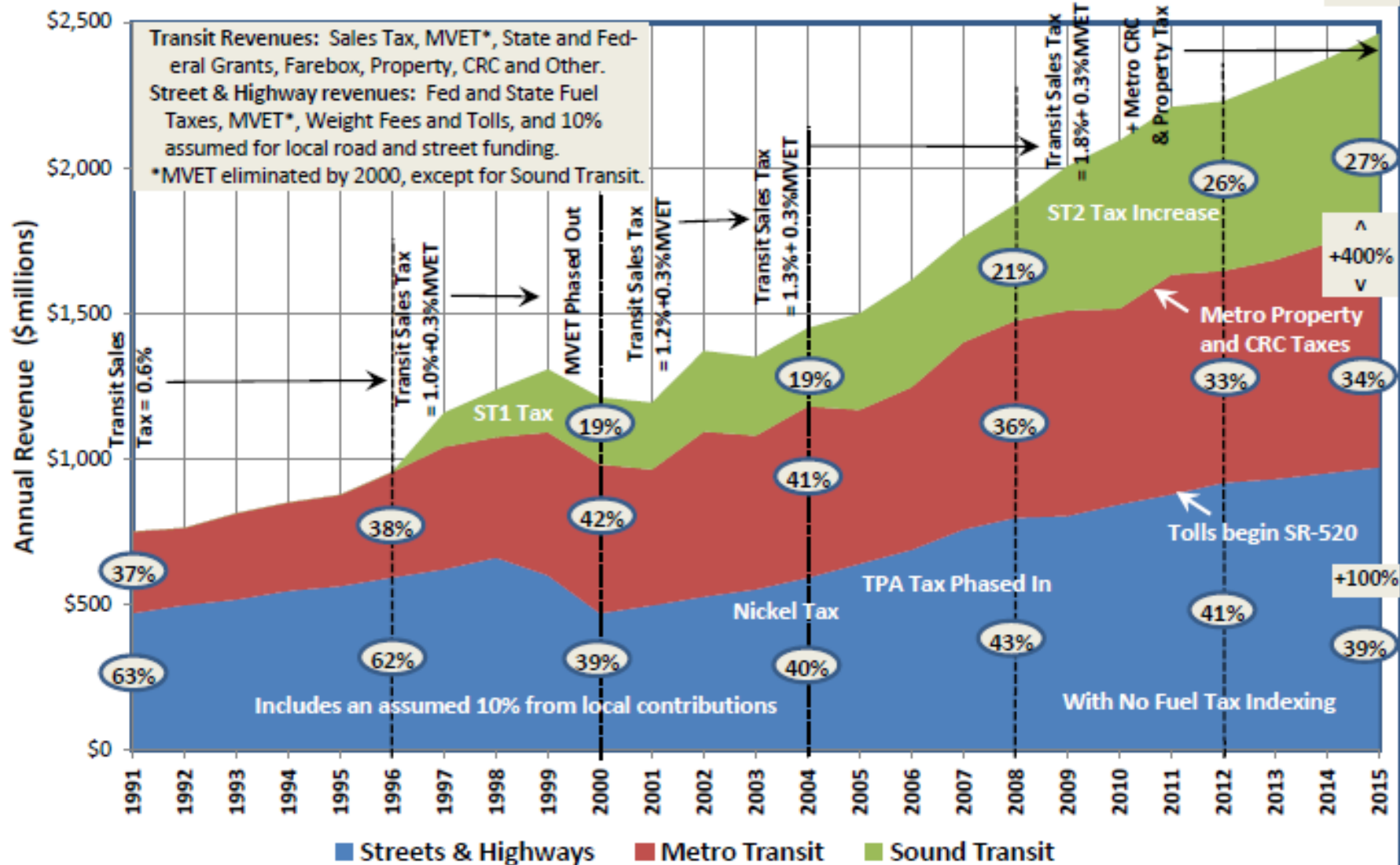
- 2008 – “factors outside of King County’s control have driven some elements of rising transit costs...they must not be used to justify continuing high rates of cost growth.”
- 2013 – “It is critical that Metro rigorously control their operating expenses” to meet their own goals of keeping costs at inflation

Transit Spending in the region

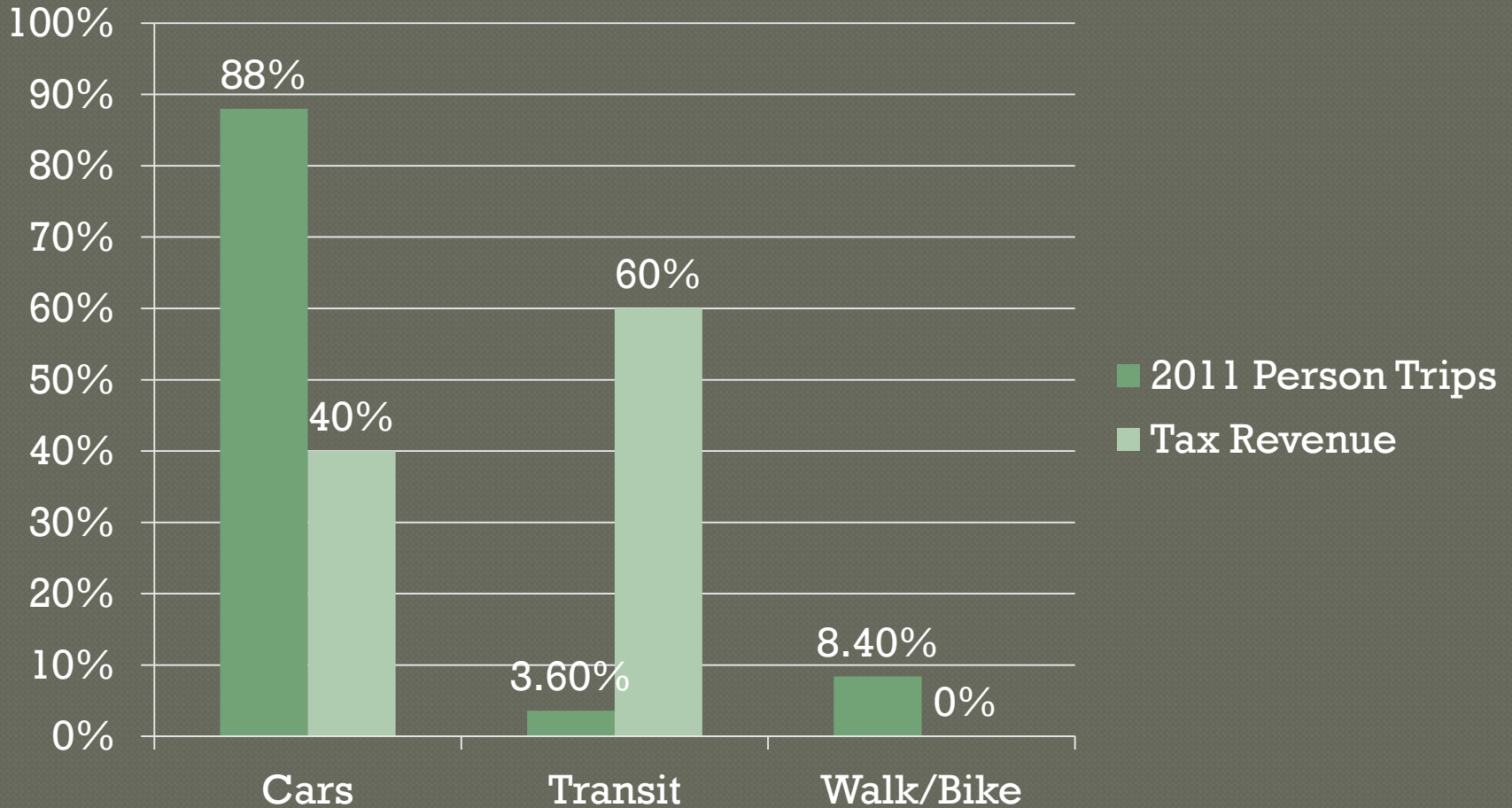
Annual Transportation Revenue

King County -- Current Law

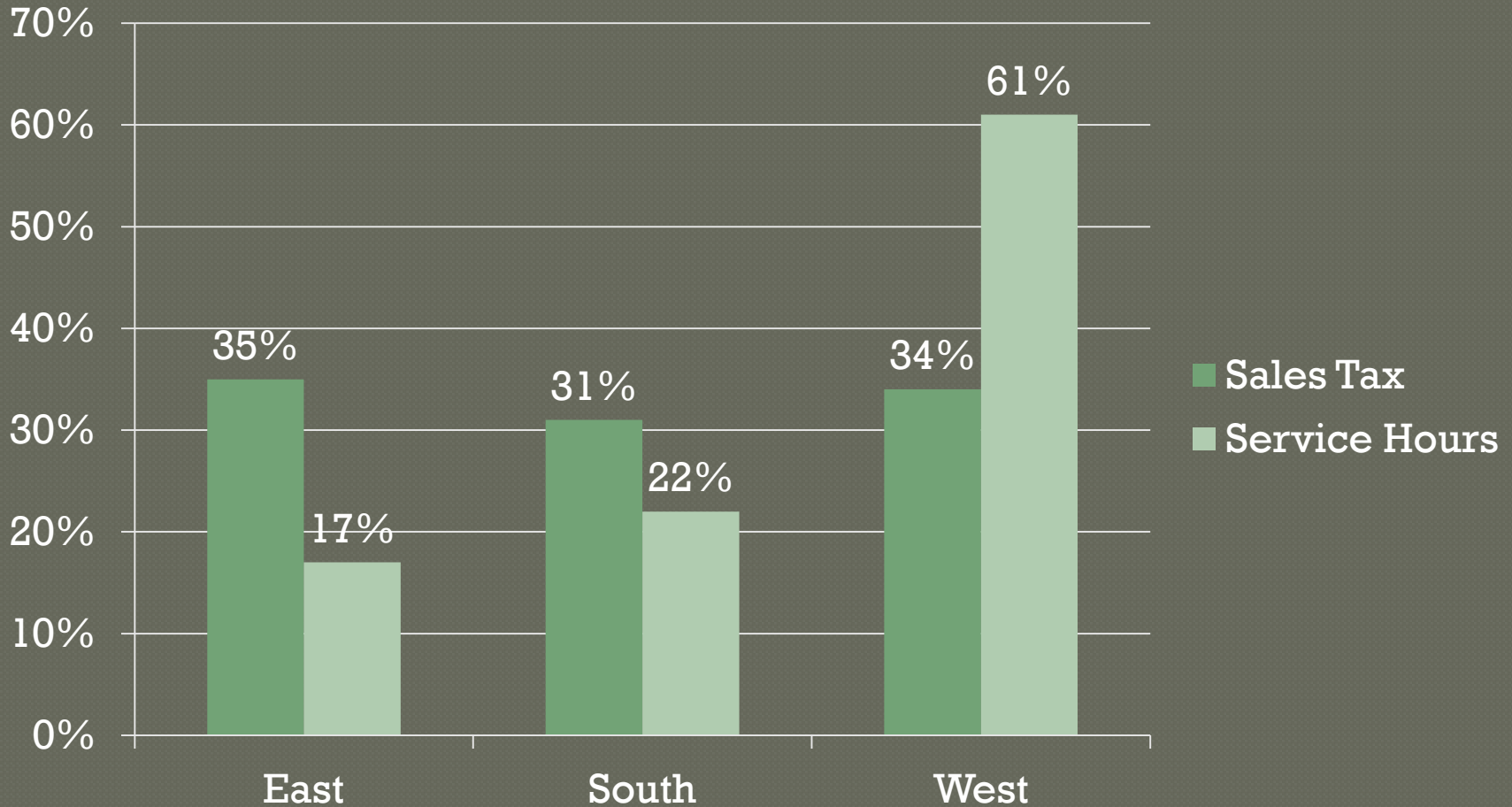
2015/
1991
CPI =
+90%



ETA: "Metro is Unfair" – Puget Sound Region

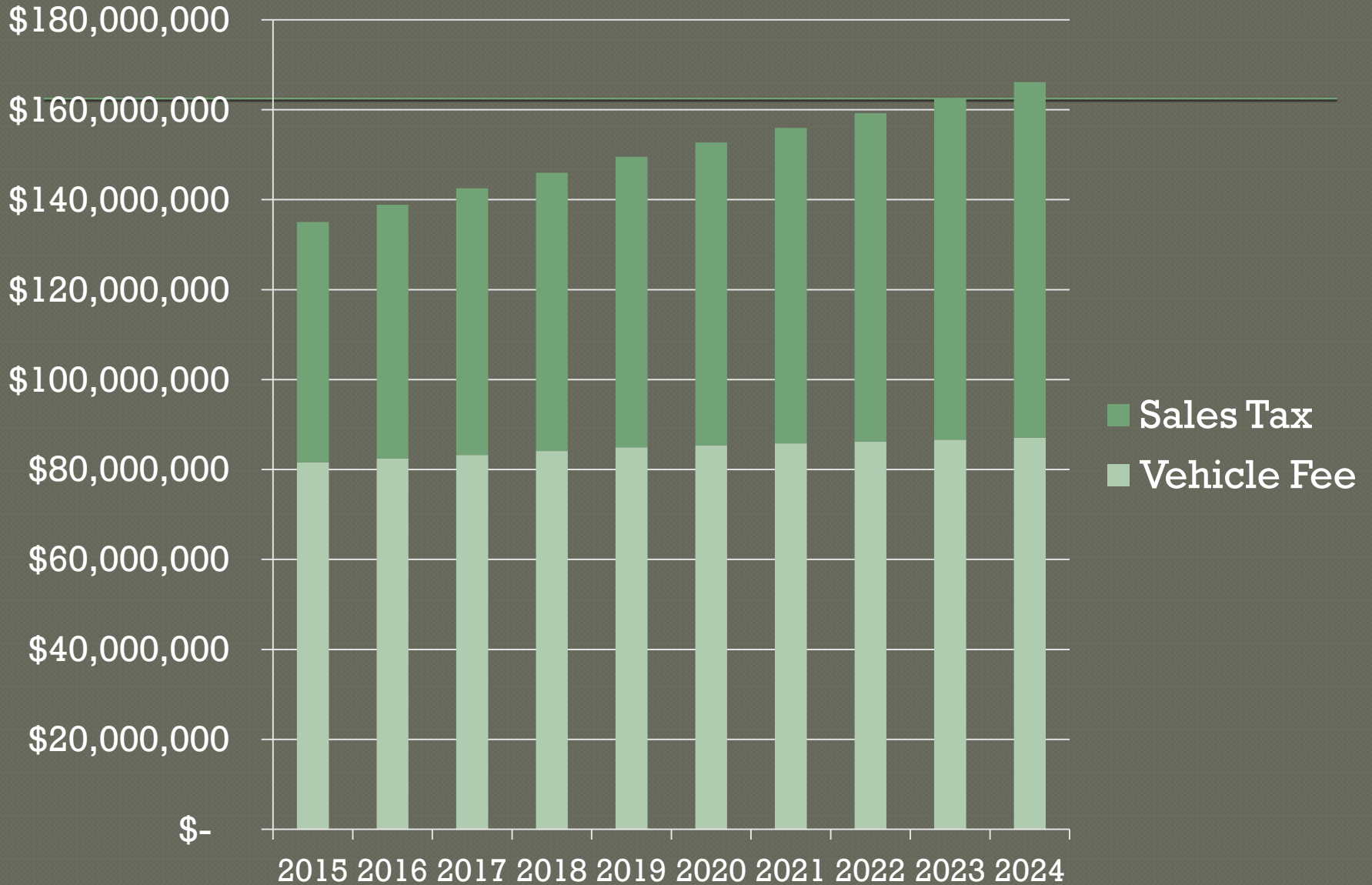


ETA – “Metro is Unfair” – Subarea



New Taxes, Revenue, Distribution

Proposed Tax Revenue

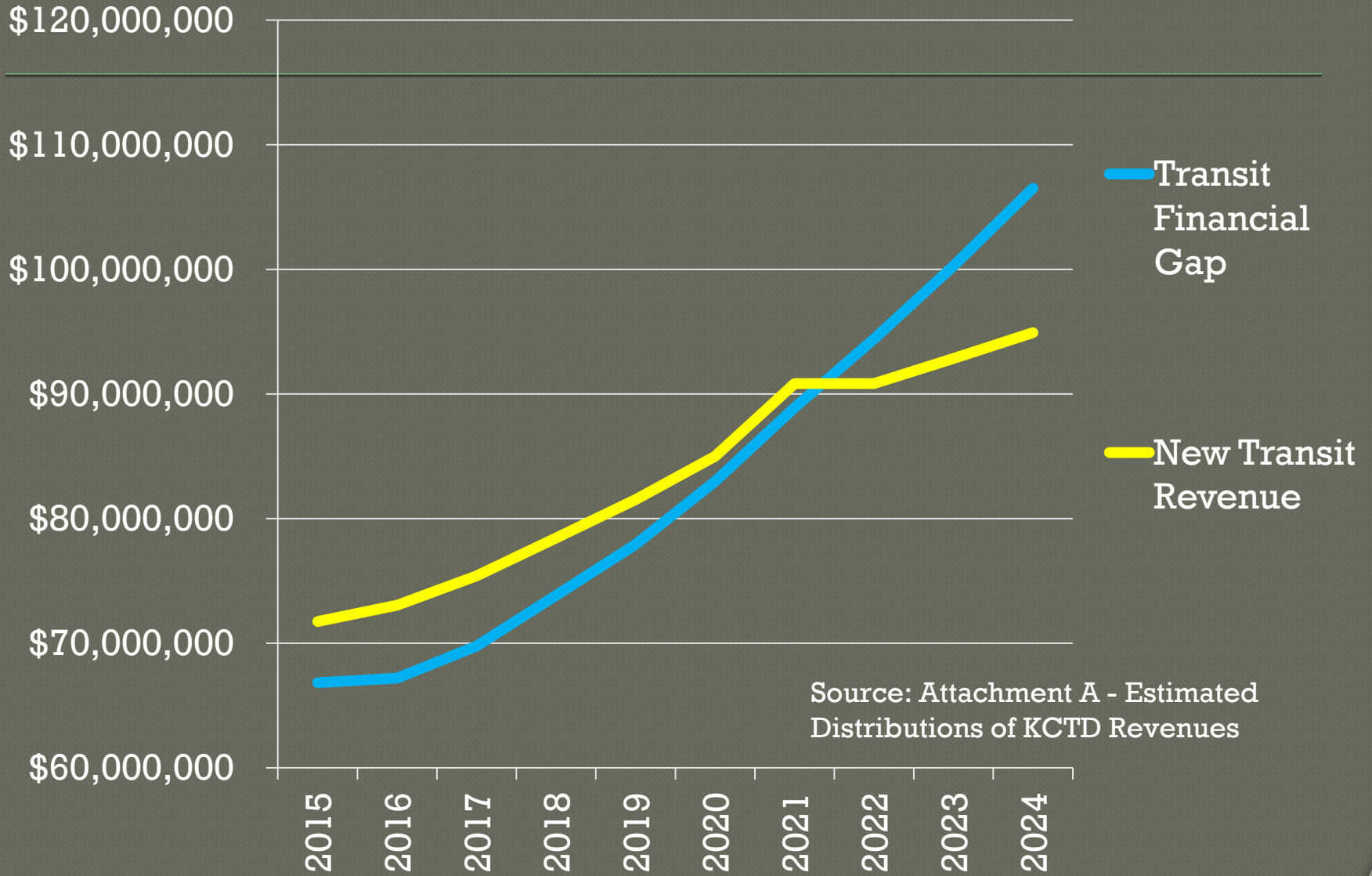


Source: Attachment A - Estimated Distributions of KCTD Revenues

Spending of new taxes

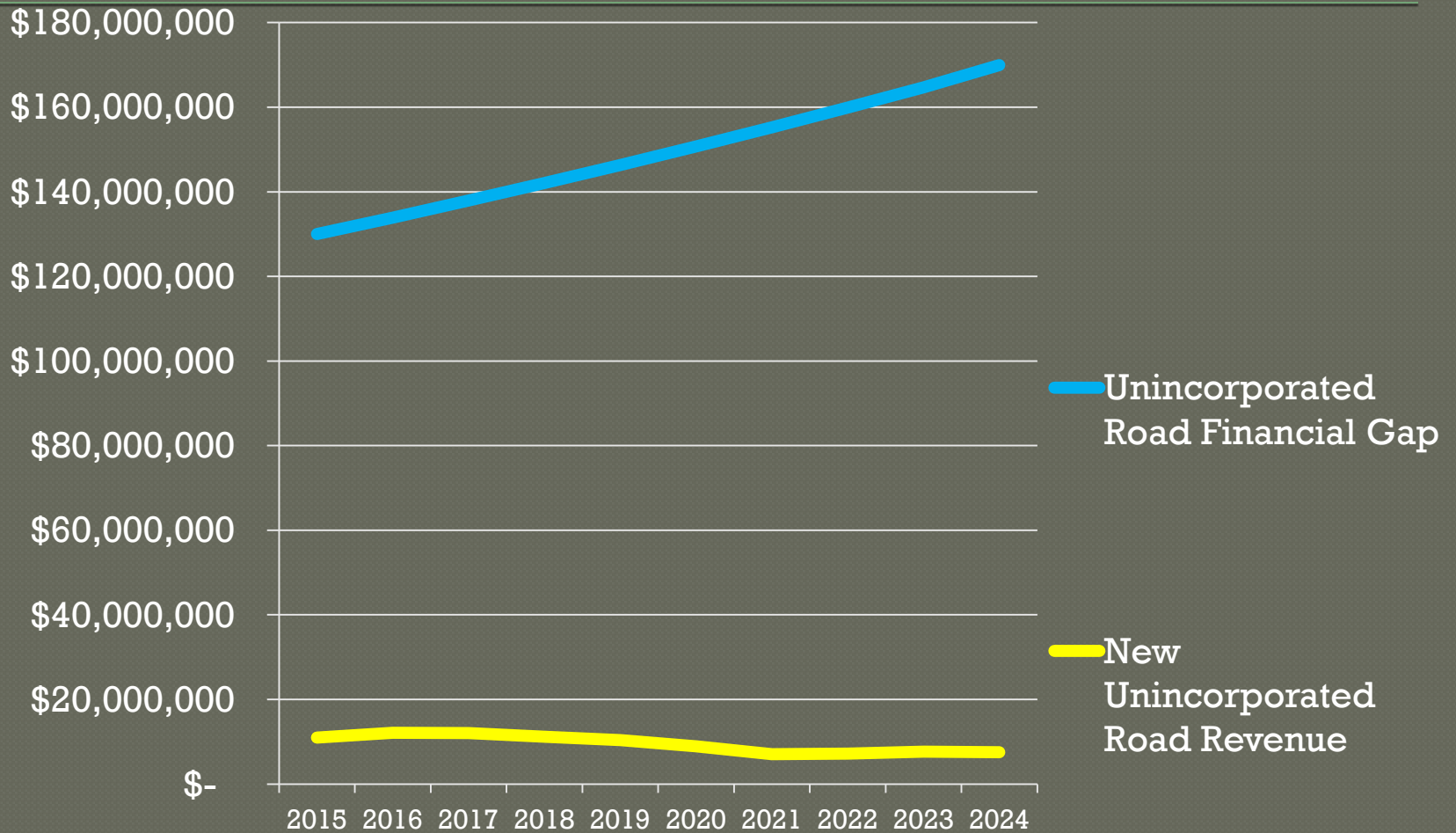
- An “Interlocal Agreement” determines how the tax money is distributed
- Interlocal Agreement likely won’t be decided until after vote
- Money for transit falls short of “financial gap” in 2021 and beyond
- Unincorporated roads would continue to see a large shortfall

Projected transit revenue & financial gap



Source: Attachment A - Estimated Distributions of KCTD Revenues

Unincorporated Roads



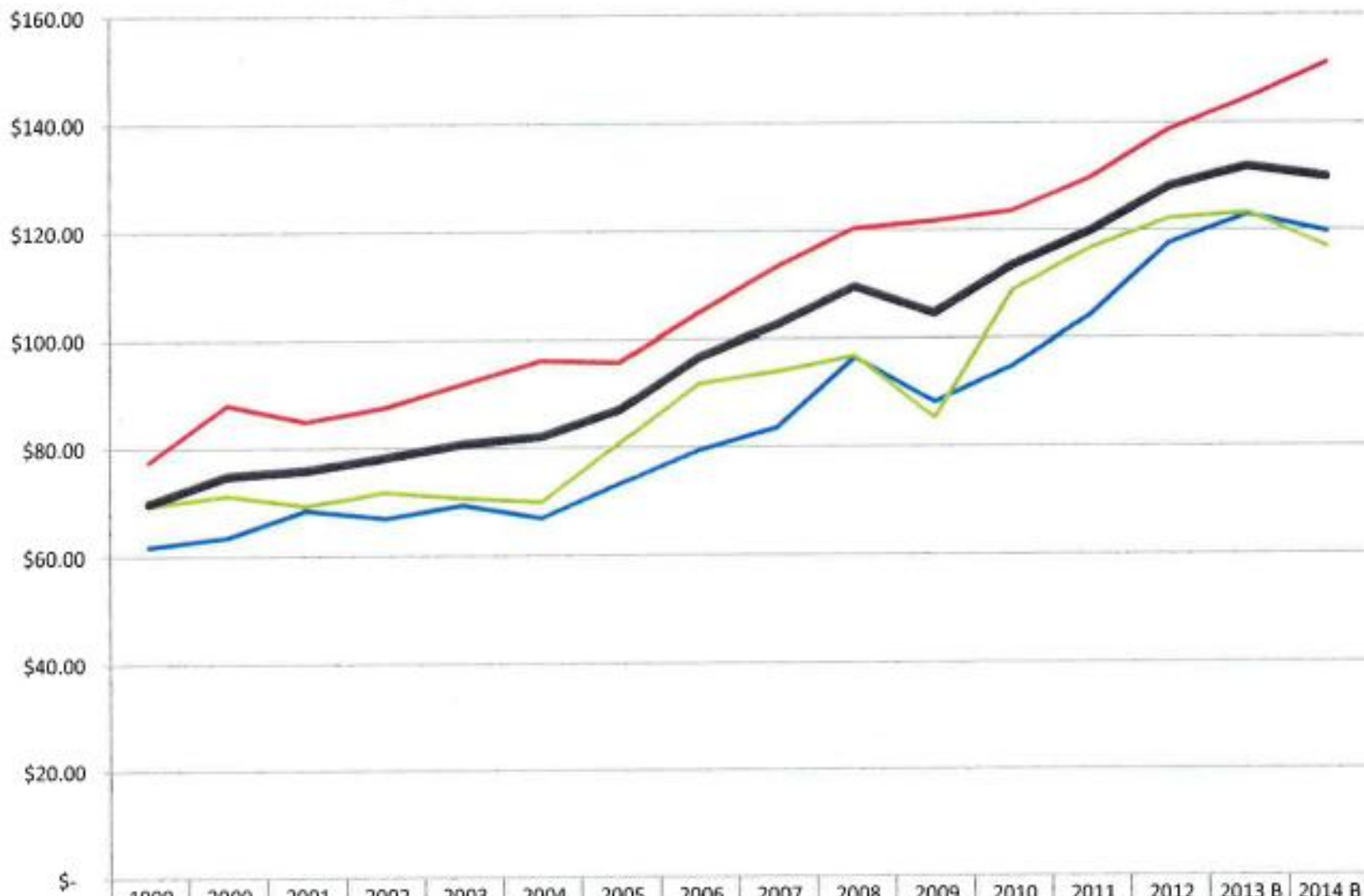
Source: Attachment A - Estimated Distributions of KCTD Revenues

**What are other transit
agencies doing?**

Neighboring Transit Agencies

- Pierce Transit and Community Transit both plan to add hours
- Previously cut hours, changed business model, but didn't raise taxes (labor agreements, restructured benefits, etc)
- Pierce Transit has stabilized their six year budget
- Threatened 53% service cuts in 2012, took back plan to cut
- Slowed growth in costs and projected to bend down the cost curve

Comparative Cost per Platform Hour



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 B	2014 B
CT	\$61.84	\$63.56	\$68.56	\$67.06	\$69.45	\$67.02	\$73.31	\$79.41	\$83.56	\$96.54	\$88.22	\$94.88	\$104.2	\$117.5	\$122.9	\$119.7
KCM	\$77.50	\$87.99	\$84.86	\$87.45	\$91.76	\$96.04	\$95.68	\$104.6	\$113.1	\$120.3	\$121.6	\$123.5	\$129.6	\$138.6	\$144.5	\$151.1
PT	\$69.46	\$71.35	\$69.44	\$71.87	\$70.79	\$70.00	\$80.85	\$91.78	\$94.03	\$96.85	\$85.32	\$108.9	\$116.7	\$122.3	\$123.3	\$116.9
System Average	\$69.91	\$74.95	\$75.95	\$78.21	\$80.70	\$82.02	\$86.95	\$96.59	\$102.4	\$109.5	\$104.6	\$113.4	\$119.8	\$128.1	\$131.9	\$129.9

Tax Capacity

What is the public's tax capacity?

Impact of regressive taxes?

What are the trade-offs?

Potential Taxes on Horizon

- ◉ Statewide package – 11.5 cents per gallon, ~\$70 increase per year average driver (607 gallons purchased)
- ◉ Increase in weight fees, car tabs for ferries, etc.
- ◉ Total of \$409 per year in fuel taxes
- ◉ ST3
- ◉ RTID
- ◉ Future TBD taxes for unincorporated roads?

Regressive Nature of Tax

- Car tab fees and sales tax increase are regressive
- Doesn't "benefit" low-income or disabled, they receive exact same service they do today, just paying more
- Would double car tab fees and raise sales taxes in many communities to highest in the state

End Notes

- 2011 to 2012 (most recent data available) operating costs tripled the rate of inflation
- Metro will receive record sales tax revenue in 2014
- Promising new service with higher taxes shows it's not revenue – it's spending
- Transit serves less than 4% of daily person trip demand and about 11% of commute trips – yet receives 60% of the funding. (ACS, U.S. Census Bureau)
- Drivers have their own unmet needs, unfair to tax drivers to subsidize other modes

Questions?

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