

# I-776

## **Would the initiative impact rental car tax authority for transit systems for the purpose of high capacity transportation?**

No. The authorization in RCW 81.104.160 for transit systems and regional transit authorities to impose a rental car tax of up to 2.172% for high capacity transportation would not be eliminated. Sound Transit currently imposes 0.8%.

In addition, the authority in RCW 35.58.273 for transit systems to impose a 1.944% sales tax on rental car contracts for high capacity transportation would remain, but currently no transit system imposes this tax.

## **What are the indirect impacts of the initiative?**

Many cities and counties use the \$15 license fee revenue as matching funds for state and federal grants on transportation projects. Without the license fee revenue, jurisdictions would need to find other sources of matching funds for those grants. Based on an assumption that 70% of the local license fee revenues would be used for grant matching funds, \$22.5 million in new sources of grant matching funds would be needed in 2003, and \$142 million would be needed for the six-year period between 2003 and 2008.

## **What is the effective date of the initiative?**

The initiative does not include a specific effective date. If the initiative is approved, the effective date would be 30 days after the election, December 5.

## **Will there be legal challenges to the initiative?**

Preliminary analysis has raised questions about the ability to repeal revenue sources that are pledged for bond repayment and the ability to repeal local voter-approved revenues by statewide initiative.

Cities should consult their attorneys if they have any questions about legal issues that may be raised by the initiative and their potential impact.

# I-776: Limiting Motor Vehicle License Fees to \$30

## **What is AWC's position?**

The membership of AWC approved a resolution opposing the initiative at the association's annual business meeting in June.

AWC's role will be to provide its members educational materials that can be shared with electeds, staff and the community. AWC's staff is also available to help you evaluate the issue and its impacts on your city.

For current information, you can also check AWC's website at [www.awcnet.org](http://www.awcnet.org).

## **What does I-776 do?**

- **Requires license tab fees for motor vehicles to not exceed \$30.**
- **Requires license tab fees for light trucks to not exceed \$30.** Amends the combined licensing fee schedule contained in RCW 46.16.070 for truck weights as follows:

Declared Weight	Current Fee	New Fee
4000 lbs	\$37.00	\$30.00
6000 lbs	\$44.00	\$30.00
8000 lbs	\$55.00	\$30.00

- **Eliminates the authorization for voter-approved local option MVET for transit**  
Eliminates the authorization in RCW 81.104.160 for transit to impose a MVET of up to 0.81% of motor vehicle value for the purpose of providing high capacity transportation service. Presently only Sound Transit imposes a 0.3% MVET. Preliminary analysis of this section has raised legal questions because Sound Transit issued bonds that specifically pledged this revenue source for repayment.
- **Requires outstanding bonds for light rail be retired**  
Requires that bonds previously issued for light rail be retired using reserve funds, sales of property, new voter approved tax revenues, or any combination.
- **Repeals local option vehicle license fee**  
Repeals RCW 82.80.020, which authorizes counties (or certain cities by voter approval if the county does not enact the fee) to impose a vehicle license fee not to exceed \$15.00 per year for transportation purposes. Presently four counties impose this fee: Douglas, King, Pierce, and Snohomish. Revenues are shared with cities in the county by a population-based formula.
- **Repeals MVET related statutes – exemptions, valuation requirements, and revenue distribution statutes that were in effect when MVET was collected by the state**

### **For more information:**

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AUGUST 2002

## What would be the impacts of the initiative?

### LOCAL GOVERNMENT IMPACTS:

The preliminary total estimated revenue loss to cities and counties from the repeal of local license fees is shown below (note: estimates based on state fiscal year, which runs from July 1-June 30):

Millions of Dollars	2001-03 (FY 2003 only)	2003-05	2006-07	2007-09	2009-11	2011-13
<i>Estimated Loss in Revenue from Local Option Fee</i>	\$16	\$66	\$68	\$71	\$73	\$75

### STATE IMPACTS:

The impact to the state for the change in light truck license tabs:

Millions of Dollars	2001-03 (FY 2003 only)	2003-05	2006-07	2007-09	2009-11	2011-13
<i>Motor Vehicle Fund</i>	\$6.6	\$27.1	\$28.0	\$28.8	\$29.7	\$30.5
<i>State Patrol</i>	\$2.1	\$8.6	\$8.9	\$9.1	\$9.4	\$9.7
<i>WSF - Operations</i>	\$0.1	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
<b>Total</b>	<b>\$8.8</b>	<b>\$36.2</b>	<b>\$37.4</b>	<b>\$38.5</b>	<b>\$39.7</b>	<b>\$40.8</b>

### TRANSIT IMPACTS:

The estimated loss in revenue from the repeal of the local MVET imposed by Sound Transit is displayed below:

Millions of Dollars	2001-03 (FY 2003 only)	2003-05	2006-07	2007-09	2009-11	2011-13
<i>Estimated Loss in Revenue for Sound Transit</i>	\$28	\$120	\$134	\$150	\$167	\$185

## How would individual cities be impacted by the repeal of the \$15 local license fee?

Cities within the four counties can receive a portion of the license fee revenue, based on population, and cities in counties where the license fee is not imposed can impose the fee by voter approval. Currently, the local license fee is only imposed in four counties: Douglas, King, Pierce, and Snohomish. (note: estimates are based on calendar year January 1 – December 31)

## Were car tabs more than \$30 after I-695 was approved?

When Initiative 695 (I-695) was approved in November 1999, it only eliminated the state motor vehicle excise tax (MVET) effective January 1, 2000 and imposed a \$30 state license tab fee. After the initiative was found unconstitutional by the King County Superior Court, the Legislature enacted portions of the initiative during the 2000 session. However, the 2000 Legislature did not repeal:

- The authority for transit authorities to impose a voter-approved MVET of up to 0.81% of motor vehicle value for high capacity transit.
- The authority of counties and certain cities to impose a local option vehicle license fee of up to \$15.00 per year.

## REVENUE LOSSES TO CITIES AND COUNTIES FROM \$15 LOCAL VEHICLE LICENSE FEES\*

City Distribution	2003	2004	Six Year Total 2003-2008	City Distribution	2003	2004	Six Year Total 2003-2008
Algona	\$22,355	\$22,802	\$141,019	Medina	\$28,210	\$28,775	\$177,955
Arlington	\$102,109	\$104,151	\$644,116	Mercer Island	\$206,721	\$210,856	\$1,304,023
Auburn	\$404,206	\$412,290	\$2,549,779	Mill Creek	\$102,279	\$104,324	\$645,186
Beaux Arts Village	\$2,848	\$2,905	\$17,963	Milton	\$49,012	\$49,992	\$309,175
Bellevue	\$1,033,760	\$1,054,435	\$6,521,084	Monroe	\$117,031	\$119,372	\$738,249
Black Diamond	\$37,131	\$37,873	\$234,226	Mountlake Terrace	\$177,661	\$181,214	\$1,120,706
Bonney Lake	\$81,662	\$83,295	\$515,134	Mukilteo	\$156,357	\$159,484	\$986,316
Bothell	\$270,452	\$275,861	\$1,706,044	Newcastle	\$74,942	\$76,441	\$472,744
Bridgeport	\$17,250	\$17,595	\$108,814	Normandy Park	\$61,678	\$62,912	\$389,072
Brier	\$55,815	\$56,932	\$352,090	North Bend	\$42,748	\$43,603	\$269,659
Buckley	\$34,220	\$34,904	\$215,863	Orting	\$31,725	\$32,359	\$200,125
Burien	\$295,648	\$301,561	\$1,864,986	Pacific	\$52,226	\$53,271	\$329,448
Carbonado	\$5,220	\$5,324	\$32,926	Puyallup	\$271,546	\$276,977	\$1,712,948
Carnation	\$17,661	\$18,014	\$111,406	Redmond	\$424,022	\$432,503	\$2,674,784
Clyde Hill	\$27,237	\$27,781	\$171,812	Renton	\$470,316	\$479,722	\$2,966,810
Coulee Dam	\$1,193	\$1,217	\$7,528	Rock Island	\$6,759	\$6,895	\$42,640
Covington	\$128,239	\$130,803	\$808,945	Roy	\$4,462	\$4,552	\$28,149
Darrington	\$10,521	\$10,731	\$66,365	Ruston	\$6,159	\$6,282	\$38,853
Des Moines	\$274,111	\$279,593	\$1,729,126	Sammamish	\$314,228	\$320,512	\$1,982,187
Dupont	\$19,625	\$20,018	\$123,797	SeaTac	\$234,517	\$239,207	\$1,479,359
Duvall	\$43,582	\$44,454	\$274,923	Seattle	\$5,261,792	\$5,367,028	\$33,192,019
East Wenatchee	\$47,223	\$48,167	\$297,887	Shoreline	\$500,155	\$510,158	\$3,155,036
Eatonville	\$16,672	\$17,006	\$105,172	Skykomish	\$2,147	\$2,190	\$13,546
Edgewood	\$78,725	\$80,299	\$496,607	Snohomish	\$73,977	\$75,456	\$466,653
Edmonds	\$344,133	\$351,016	\$2,170,833	Snoqualmie	\$16,949	\$17,288	\$106,917
Enumclaw	\$104,014	\$106,094	\$656,133	South Prairie	\$3,365	\$3,432	\$21,225
Everett	\$811,842	\$828,079	\$5,121,196	Stanwood	\$33,476	\$34,145	\$211,170
Federal Way	\$771,173	\$786,596	\$4,864,650	Steilacoom	\$50,601	\$51,613	\$319,197
Fife	\$40,313	\$41,120	\$254,302	Sultan	\$28,934	\$29,512	\$182,516
Fircrest	\$48,885	\$49,863	\$308,374	Sumner	\$70,819	\$72,235	\$446,735
Gig Harbor	\$53,885	\$54,963	\$339,916	Tacoma	\$1,595,206	\$1,627,110	\$10,062,751
Gold Bar	\$17,617	\$17,969	\$111,131	Tukwila	\$156,886	\$160,024	\$989,656
Granite Falls	\$20,194	\$20,598	\$127,387	University Place	\$249,240	\$254,225	\$1,572,238
Hunts Point	\$4,241	\$4,325	\$26,751	Waterville	\$9,588	\$9,780	\$60,484
Index	\$1,340	\$1,367	\$8,453	Wilkeson	\$3,345	\$3,412	\$21,100
Issaquah	\$111,111	\$113,333	\$700,899	Woodinville	\$89,070	\$90,851	\$561,862
Kenmore	\$172,151	\$175,594	\$1,085,948	Woodway	\$8,308	\$8,474	\$52,405
Kent	\$737,556	\$752,307	\$4,652,594	Yarrow Point	\$9,430	\$9,619	\$59,487
Kirkland	\$424,833	\$433,329	\$2,679,897				
Lake Forest Park	\$123,740	\$126,215	\$780,567	<b>CITY TOTAL</b>	<b>\$19,003,686</b>	<b>\$19,383,760</b>	<b>\$119,877,552</b>
Lake Stevens	\$55,835	\$56,952	\$352,215				
Lakewood	\$493,770	\$503,645	\$3,114,759	<i>County Distribution</i>			
Lynnwood	\$294,461	\$300,351	\$1,857,497	Douglas County	\$278,304	\$283,870	\$1,755,575
Mansfield	\$2,728	\$2,782	\$17,208	King County	\$5,045,991	\$5,146,911	\$31,830,721
Maple Valley	\$130,854	\$133,471	\$825,444	Pierce County	\$3,983,720	\$4,063,394	\$25,129,786
Marysville	\$215,661	\$219,975	\$1,360,418	Snohomish County	\$3,846,698	\$3,923,632	\$24,265,436
				<b>COUNTY TOTAL</b>	<b>\$13,154,713</b>	<b>\$13,417,807</b>	<b>\$82,981,518</b>
				<b>TOTAL</b>	<b>\$32,158,399</b>	<b>\$32,801,567</b>	<b>\$202,859,070</b>

\*Estimates are based on 2001 license fee distributions and assume a 2% annual increase.

Distribution formula based on population within county, with county share equal to 1.5 times unincorporated population. (RCW 82.80.080)

For an expanded six-year analysis, see the AWC website: [www.awcnet.org](http://www.awcnet.org)