

Adoption of City Council Draft Resolution 19-102
Opposing Initiative-976
on the November 5, 2019 General Election Ballot

Des Moines City Council
October 17, 2019

Presented by
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Public Works Director



BALLOT MEASURE SUMMARY:

This measure would...

- repeal or remove authority to impose certain vehicle taxes and fees;
- limit state and local license fees to \$30 for motor vehicles weighing 10,000 pounds or less, except charges approved by voters after the measure's effective date;
- base vehicle taxes on Kelley Blue Book value;
- require regional transit authorities to retire bonds early where allowed; and
- either reduce or repeal taxes pledged to bonds depending on whether bonds are retired by 2020.

BALLOT TITLE

Initiative Measure No. 976 concerns motor vehicle taxes and fees.

This measure would repeal, reduce, or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter-approved charges; and base vehicle taxes on Kelley Blue Book value.

Should this measure be enacted into law:

Yes

No

Effective date: 30 days after election, except certain provisions pertaining to Sound Transit.



I-976: What would it do?

	<u>Current Law</u>	<u>Under I-976</u>	<u>What does it pay for?</u>
State Taxes and Fees			
Vehicle License Fees	\$30 to 93	Reduced to \$30 unless voter approved	Various highway purposes, incl. State highways and Local roads
Vehicle Weight Fees	\$25-75	Eliminated	Various highway purposes, incl. State highways and Local roads
Snowmobiles	\$50	Reduced to \$30	Snowmobile facilities, safety, enforcement and education programs
Commercial Trailers	\$34 (Registration) \$30 (Renewal)	Registration reduced to \$30 Renewal unchanged	State transportation purposes
Electric Vehicle Fee	\$150	Reduced to \$30	Transportation feasibility studies & other transportation purposes
Transp. Electrification Fee*	\$75	Unchanged	"Green" transportation projects
Other Vehicle-Related Fees (filing and service fees, special license plate fees, etc.)	Various	Unchanged	Administrative costs, etc.
Motor Vehicle Sales/Lease Tax	0.3% of selling price	Eliminated	Multimodal Account, various transportation purposes



I-976: What would it do?

	<u>Current Law</u>	<u>Under I-976</u>	<u>What does it pay for?</u>
<u>Local Taxes and Fees</u>			
TBD Vehicle License Fees	\$20 to \$80	Eliminated	Local TBD purposes (typically pavement preservation, local road projects)
Local Voter-Approved Passenger-Only Ferry MVET	Up to 0.4% of depreciated value (based on MSRP)	Eliminated	Local passenger-only ferry service
Sound Transit Rental Car Sales Tax	Up to 2.172% of rental price	Eliminated only when outstanding bonds are redeemed or restructured. If bonds not restructured by 3/31/20, future voter approved MVET max reduced to 0.2% of Kelley Blue Book Value.	Debt service on bonds issued for various Sound Transit projects (Note: WSSCt decision held unaffected by I-776 in 2006)
Sound Transit MVET	<u>Current:</u> 1.1% of depreciated value (based on MSRP) <u>Future:</u> 0.8% of depreciated value (based on MSRP)		



City of Des Moines TBD revenue

- ▶ **\$40 car tab (Vehicle License Fee) = \$944,000 annually**
 - Funds Arterial Maintenance and Arterial Overlays
- ▶ **If passes, to balance the 2020 Operating Budget impact would be:**
 - Use the Franchise fees to cover Arterial Maintenance (Street Fund)
 - No Arterial or Local Road Overlays
- ▶ **Past and planned uses of past and current TBD funds:**
 - Arterial Maintenance
 - South 223rd Street Overlay
 - South 216th Street – Segment 3 Overlay portion
 - 16th Ave South (south of 272nd)
 - Plans for a portion of the North Hill ILA with Highline Water District paving restoration
 - Plans for a portion of the Woodmont Area ILA with Lakehaven Utility paving restoration
 - Plans for a portion 8th Ave S ILA with WD 54



Local Impacts – TBDs

▶ OFM Fiscal Note estimates

- Local Direct Revenue Impact: \$2.317 billion over six years (2020–2025)

Transportation Benefit District Impacts

- Transportation Benefit Districts will lose all VLF revenues.
- Voter-approved TBD sales tax is not affected and will continue.
- TBD Estimates:
 - \$58 million collected in calendar year 2018 (Statewide)
 - OFM estimates of fiscal impact are based on this collection number, not forecast data
 - Currently, according to DOL:
 - *61 jurisdictions collect VLFs, mostly \$20, 10 are between \$20 and \$40, Seattle \$80*



Forecast DOL Revenue Impacts by Fund Distribution

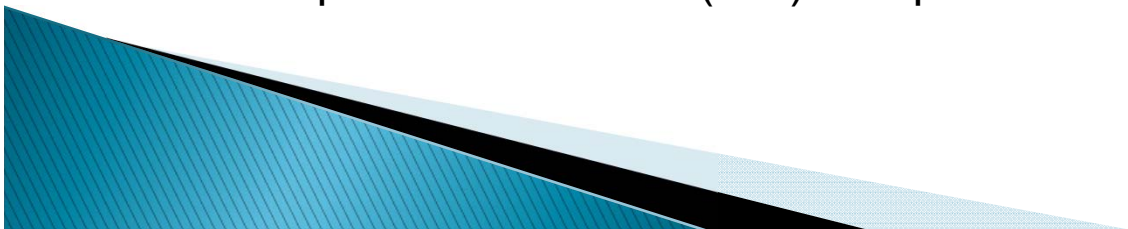
(Reflects State Vehicle Fees only)

(OFM Fiscal Impact Statement) (prepared using June 2019 TRFC forecast – differs from Legislative Fiscal Note)

DOL Impacts	Total 2020-25
Multimodal Account (218)	\$ (1,484,121,700)
Motor Vehicle Account (108)	(265,553,425)
WSP Highway Account (081)	(88,573,400)
Transportation Partnership Account (09H)	(45,684,900)
Nickel Account (550)	(20,745,000)
Puget Sound Ferry Operations (109)	(5,446,700)
Rural Arterial Trust Account (102)	(5,013,938)
Transportation Improvement Account (144)	(4,272,075)
Snowmobile Account (01M)	(2,490,100)
Total	\$ (1,922,643,101)

Multimodal Account = Safe Routes to School (S. 200th St/North Hill Elementary)

Transportation Improvement Account = Transportation Improvement Board (TIB) = Impacts unknown currently



Impacts to Des Moines via the Sound Transit impacts

- ▶ ST3 System Access Funds could be at risk:
- ▶ City recently notified of a ~\$2M award for Barnes Creek Trail Construction along 240th to Highline College



Recommendation:

“I move to adopt Draft Resolution No. 19-102, opposing Initiative – 976 on the November 5, 2019 General Election Ballot”

