



Transportation Benefit Districts and 2011 Legislative update

**Washington State Chapter American Public Works
Association (APWA)
Management & Public Administration Committee (MPAC)**

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What is a TBD?

- Quasi-municipal corporation & independent taxing district created for the sole purpose of funding transportation improvements within the district.
- Created by ordinance of legislative authority (county or city) and may include other counties, cities, port districts, or transit districts through Inter-local Agreements.
- For a multi-jurisdiction TBD, the governing body has at least 5 members with at least 1 elected from each participating jurisdiction.
- Can also be less than an entire jurisdiction (city or county)



TBD Formation

- With 2007 change in law, County-wide authority for first six months only.
- Today, Counties & Cities may form own Districts and/or ILA's in any combination.
 - ◆ If seeking voter approval, a multi-jurisdictional TBD can have one ballot measure-**If it is the same revenue source(s) for each jurisdiction.**
- A county-wide TBD, including cities, may be created by interlocal agreement of 60% of cities plus 75% of city population to impose up to \$20 VLF.
- Creating ordinance must include finding of public's interest, boundaries of TBD, description of improvements and proposed taxes, etc. to be imposed by TBD.



Eligible TBD Projects

Threshold
Criteria

- ◆ Necessitated by existing or reasonably foreseeable congestion levels

Threshold
Criteria

- ◆ Projects or program included in any existing, city, county, eligible jurisdiction, state or regional transportation plan
- ◆ Maintenance, operations & preservation of programs and projects supported by existing, city, county, eligible jurisdiction, or state or regional plans –this includes roads, transportation demand management, etc..
- ◆ Transit Agency and Port District projects may also be included.



TBD Project Criteria

RCW 36.73.020(1)

- ◆ Improved safety
- ◆ Improved travel time
- ◆ Improved air quality
- ◆ Increases in daily and peak period capacity
- ◆ Improved modal connectivity
- ◆ Improved freight mobility
- ◆ Cost-effectiveness of investment
- ◆ *Other criteria as adopted by governing body*



TBD Accountability Measures

- Public Hearings are required during TBD formation
- TBD must issue an annual report indicating status of plan
- TBD must develop a material change policy-20% threshold
- TBD must go through notice, public hearing, and ordinance process if TBD functions are expanded beyond original TBD establishment
- TBD has sunset provision



TBD Revenue Options

- Councilmanic – voter approval not required
 - TBD must be jurisdiction-wide*
 - ◆ Up to \$20 annual Vehicle License Fee
 - ◆ Commercial & Industrial Impact Fee

- Voter approved-*TBD can be less than jurisdiction wide*
 - ◆ Up to 0.2% sales and use tax-10 year limit if cash, or beyond 10 years if bonded.
 - ◆ Property Tax, an excess levy for capital purposes or a 1 year excess levy
 - ◆ Up to \$100 annual Vehicle License Fee
 - ◆ Vehicle Tolls



TBD Funding Example- Pierce County \$20 Vehicle License Fee

Annual Revenue Allocation by Population-County wide

- ◆ Unincorporated County (46%) = \$6.1 million
- ◆ Cities (54%) = \$7.1 million

VLF 20-Year Collection Life – County wide

Councilmanic \$20 VLF County-wide

- ◆ Present Value Revenue Stream = \$190 million

(Source: Department of Licensing 2007 vehicle data, AWC analysis)



TBD Estimated Annual Revenue Examples-Lakewood (Hypothetical)

| | |
|---|-------------------------|
| License Fee (\$20 to \$100) | \$900k to \$4.7 million |
| Sales Tax (0.1%to 0.2%) | \$800k to \$1.6 million |
| Property Tax (\$0.14 to \$0.78/\$1000) | \$900k to \$4.7 million |

Sample TBD Process Flow Chart

Discussions between cities

- Cost Share
- Projects
- Funding Sources

**Council Introduces Ord. ---public comment---
hearings----Approve TBD via Ord.**

- RCW 36.73
- Boundaries
- Description of Transp. Imps.
- Proposed Taxes, Fees, Etc
- Plan for Expenditure over time

input

input

**ILA Negotiated with Cities ----
-----Apvd. by Council**

- RCW 39.34

**Contract Negotiation with
state revenue collection
agencies and time to start
collecting revenues (6-8
months)**

TBD by Jurisdiction

- RCW 39.34
- ILA for 2 or more jurisdictions

**Successful Ballot Measure/
or Councilmanic \$20 VLF**

**Transportation Benefit
District**

- Administers TBD
- Imposes Taxes
- Issue Bonds,
- Constructs projects

*Dissolves
after last debt
pmt and/or
after last
project
completed*

Spring

June-August

November

Spring



TBD's: Lessons Learned

- ◆ Public process in current law is extensive.
- ◆ Working with state agencies before adoption of VLF is critical to timely collection.
- ◆ VLF data by city requires additional coordination.
- ◆ Legislative clarifications/changes made in 2010:
 - ☞ Expressly clarifies city, county plans, instead of by reference.
 - ☞ Enable latecomer fees on facilities not owned by TBD.
 - ☞ Flexes existing sales tax bond authority
 - ☞ Allows a multi-jurisdictional TBD to be governed by a metropolitan planning district if the TBD/MPO boundaries are identical.
 - ☞ In King County, allows supplemental transportation service.



Who has implemented a TBD?

- ◆ Ridgefield – 2/10 % voter approved Sales Tax for interchange improvement
- ◆ Lake Forest Park- \$20VLF
- ◆ Edmonds - \$20VLF
- ◆ Olympia - \$20VLF
- ◆ Des Moines - \$20VLF
- ◆ Prosser - \$20VLF
- ◆ Shoreline - \$20 VLF
- ◆ Sequim – 2/10% voter approved sales tax
- ◆ King County (unincorporated)- January 2010



Who has implemented a TBD?

- ◆ Burien - \$10 VLF May 2010
- ◆ Lynnwood-VLF
- ◆ Bellingham-Sales tax
- ◆ Leavenworth- Sales tax



Transportation Benefit Districts

Questions?



Legislative Update

2011 Legislative update

- Budget overview
 - Operating Budget
 - Capital Budget
 - Transportation Budget
- Bills of note:
 - HB 1929 Street Maintenance Utility
 - HB 1881/SB 5705- Tax Increment Financing