



Snohomish County LEGISLATIVE ISSUE PAPER

Finance Department

Updated September 27, 2002

INITIATIVE 776

This issue paper will provide information about the potential impacts of Initiative 776 on Snohomish County. The material contained in this report is fact based and not intended to either support or oppose the initiative. Initiative 776 will be voted on by the electorate of Washington State in November of 2002.

Overview : Initiative 776 would require license tab fees of \$30 per year for cars, sport utility vehicles, motorcycles, motor homes, and light trucks. It would also repeal certain laws allowing local governments to impose taxes or fees on motor vehicles for transportation purposes, including excise taxes on vehicles for high capacity transportation services. The measure states that the people expect bonds previously issued for light rail to be retired using reserve funds and other sources.

Initiative 776 would repeal annual \$15 registration fees paid by motorists in four counties. Snohomish County is one of the four Counties in which County registration fees would be affected. These registration fee revenues are used by the County and City Public Works roads programs for Road construction and maintenance. Snohomish County's fee was implemented in 1990. The Initiative's proponents claim that passage would also eliminate a voter approved Sound Transit motor-vehicle excise tax. Most Snohomish County residents are subject to the Sound Transit vehicle excise tax fee.

If successful, this initiative would be the second initiative in two years to impact County and City transportation revenues. Last November's passage of Initiative 747 resulted in the County's road program seeing a \$61 million reduction in its six-year capital improvement program.

Financial Impact: The projection of future year impacts is based upon actual 2001 vehicle license fee revenues, plus two assumptions: 1.) A two percent annual increase in the number of vehicles for which the fee would be collected; and 2.) Table 2 uses grant matches to local transportation revenue based on those identified in the County's proposed six-year Transportation Improvement Program.

Table 1 estimates fee revenue reductions to Snohomish County's Road Fund and to incorporated cities within the County.

TABLE 1: ESTIMATED FEE IMPACT TO COUNTY AND CITIES

Item	2003	2004	Six Year Total 2003 - 2008
Snohomish County Road Fund	\$3,846,698	\$3,923,632	\$24,265,436
Bothell (Snohomish & King Co.)	\$ 270,452	\$ 275,861	\$1,706,044
Brier	\$ 55,815	\$ 56,932	\$ 352,090
Darrington	\$ 10,521	\$ 10,731	\$ 66,365
Edmonds	\$ 344,133	\$ 351,016	\$2,170,833
Everett	\$ 811,842	\$ 828,079	\$5,121,196
Gold Bar	\$ 17,617	\$ 17,969	\$ 111,131
Granite Falls	\$ 20,194	\$ 20,598	\$ 127,387
Index	\$ 1,340	\$ 1,367	\$ 8,453
Lake Stevens	\$ 55,835	\$ 56,952	\$ 352,215
Lynnwood	\$ 294,460	\$ 300,349	\$1,857,491
Marysville	\$ 215,661	\$ 219,975	\$1,360,418
Mill Creek	\$ 102,279	\$ 104,324	\$ 645,186
Monroe	\$ 117,031	\$ 119,372	\$ 738,249
Mountlake Terrace	\$ 177,661	\$ 181,214	\$1,120,706
Mukilteo	\$ 156,357	\$ 159,484	\$ 986,316
Snohomish	\$ 73,977	\$ 75,456	\$ 466,653
Stanwood	\$ 33,475	\$ 34,144	\$ 211,164
Sultan	\$ 28,934	\$ 29,512	\$ 182,516
Woodway	\$ 8,308	\$ 8,474	\$ 52,405
Total City & County Reductions	\$6,642,589	\$6,775,441	\$41,902,254

Because the County's transportation program uses motor vehicle revenues to match grants from the State and Federal Government, there are, as mentioned above, direct and indirect revenue losses. As an example, in 2004 the direct motor vehicle fee revenue loss is estimated to be \$3.9 million. The loss of grant money for this year is estimated at \$4.3 million. Thus the fee reductions represent only a portion of total financial impacts of Initiative 776 on the Roads Program.

Table 2 shares the recommended reductions for the 2003-2008 six-year period to be included in the County's proposed Transportation Improvement Plan if Initiative 776 is successful.

TABLE 2: ESTIMATED COUNTY ROADS DIRECT & INDIRECT FISCAL IMPACTS

Fund Source	Six Year Total 2003 - 2008
Road Fees (Direct)	\$24,265,436
Matching Grants (Indirect)	\$26,784,564
Total Six-Year Plan Reductions	\$ 51,050,000

Conclusion

If Initiative 776 is approved by voters, vehicle owners of cars, sport utility vehicles, motorcycles, motor homes, and light trucks will see a reduction in license fees to \$30. On the other side of the ledger, revenue reductions translate into fewer new construction projects and reduced road maintenance. The reduction in funding levels resulting from last November's approval of Initiative 747 was a basis for a conclusion in the 2002-2007 County Capital Improvement Program that probable funding may fall short of meeting existing needs as defined by adopted minimum levels of service. After already adjusting for the impacts of Initiative 747, passage of Initiative 776 would create a County and City roads funding shortfall significantly more severe than that which existed solely from Initiative 747.
