

RESOLUTION NO. R2016-29
Fixing, Levying and Imposing Taxes Authorized in Sound Transit 3

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	11/29/2016	Final Action	Peter Rogoff, Chief Executive Officer Brian McCartan, Executive Director of Finance and Information Technology

PROPOSED ACTION

Fixes, levies and imposes a twenty-five cents (\$0.25) per \$1,000 of assessed valuation property tax as authorized by the voters during the November 8, 2016 general election, authorizes the preparation of the levy certification, and authorizes the chief executive officer to contract for tax collection and administration services.

KEY FEATURES SUMMARY

- On November 8, 2016, and as certified by King County Elections on November 29, 2016, the voters approved Proposition 1, approving the local taxes to implement Sound Transit 3 (ST3).
- Through Resolution No. R2016-17, the Board fixed, levied and imposed additional sales and use taxes and an additional motor-vehicle excise tax to be collected commencing January 1, 2017, subject to voter approval of the ST3 ballot proposition.
- This action allows Sound Transit to begin collecting property taxes, one of the new local taxes financing the ST3 plan, beginning January 1, 2017 now that Sound Transit has received the preliminary assessed property valuation for 2017.
- This action also authorizes the chief executive officer to contract with entities to collect taxes on Sound Transit's behalf, including: sales and use tax, motor-vehicle excise tax and property taxes.

BACKGROUND

In June 2016, through Resolution No. R2016-17, the Board acted to place the Sound Transit 3 (ST3) plan on the November 8, 2016 general election ballot. The ST3 plan, placed on the ballot as Proposition 1, asked voters to approve certain local taxes to implement Sound Transit 3 in parts of King, Pierce and Snohomish counties to continue developing regional HCT corridors and services by expanding Link light rail, Sounder commuter rail, and bus rapid transit, and by continuing interim ST Express bus service to connect the region's population, employment, and growth centers.

Proposition 1 included additional local taxes, including a five-tenths of one percent (0.5%) sales and use tax, an eight-tenths of one percent (0.8%) motor-vehicle excise tax, and a property tax of twenty-five cents (\$0.25) per \$1,000 of assessed valuation property tax. The proposition also authorized Sound Transit to use revenue generated by the taxes approved by voters to fund Sound Move and ST2 to pay a portion of the cost to implement the Sound Transit 3 Plan.

On November 29, 2016, election officials certified that a majority of the votes cast in the November 8, 2016 general election approved Proposition 1 to implement ST3.

Based on voter approval of ST3, Section 5 of Resolution No. R2016-17 fixes, levies and imposes the additional sales and use tax and the motor-vehicle excise tax on November 29, 2016, for collection commencing January 1, 2017. The section also states the Board's intent to fix, levy or

impose the property tax in November 2016 after receiving the assessed property valuation for 2017.

A preliminary assessed property valuation for 2017 has been received and this action will allow Sound Transit to levy the property tax for 2017. If the Board approves this resolution, staff will prepare the required levy certification and submit it to King, Pierce and Snohomish Counties to begin collecting property tax authorized under the ST3 plan on January 1, 2017.

Additionally this action authorized the Chief Executive Officer to contract with entities to collect taxes on Sound Transit's behalf.

FISCAL INFORMATION

Sound Transit's taxing district is a joint taxing district as it's exists in two or more counties. King County, as the county with the highest assessed value and location of Sound Transit's head office, is charged with calculating Sound Transit's levy rate, and working with Pierce and Snohomish Counties, has provided a preliminary assessed value of \$547,073,070,156 for a current estimated property tax levy in 2017 of \$136,768,268. Because the assessor has not certified the assessment roll as of November 29, 2016, a contingency of approximately 10% has been added to the estimated levy amount to allow for adjustments to the final assessed values, bringing the total estimated property tax levy in 2017 to \$150,000,000. The actual amount assessed will be limited to twenty-five cents (\$0.25) per \$1,000 of assessed valuation for the year 2017.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

This Board Resolution, and an executed levy certification letter must be submitted to King County by November 30th, 2016 in order to begin collecting property taxes in 2017 as assumed in the ST3 Financial Plan.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2016-17: Called an election to approve certain local taxes to implement Sound Transit 3: The Regional Transit System Plan for Central Puget Sound; describing the proposed high-capacity transportation system improvements; setting for the ballot title and confirming and fixing the Authority's boundaries for said election.

Resolution No. R2009-06: Exempted the sale of lodging from the additional five-tenths of one percent sales and use tax imposed by Resolution No. R2008-15 to the extent required by RCW 82.14.410.

Resolution No. R2008-15: Imposed an additional five-tenths of one percent sales and use tax; applied existing approved taxes to implement the Sound Transit 2 Regional Transit System Plan "A Mass Transit Guide" and the Sound Move Regional Transit System Plan as authorized by a vote of

the electorate; and authorized the chief executive officer to contract with the State of Washington for tax collection and administration.

Resolution No. 82: Imposed taxes authorized pursuant to a vote of the electorate to implement the Ten-Year Regional Transit Plan; levying, fixing, and imposing a motor vehicle excise tax, a retail sales and use tax, and a sales and use tax on retail rental cars, all for the sole purpose of providing high capacity transportation services through implementation of the Ten-Year Regional Transit Plan; and authorized the Executive Director to enter into contracts with the state for tax collection and administration.

ENVIRONMENTAL REVIEW

JI 11/23/2016

LEGAL REVIEW

Desmond Brown (11/22/2016)

Amy Pearsall (11/23/2016)

RESOLUTION NO. R2016-29

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority fixing, levying, and imposing a twenty-five cents (\$0.25) per \$1,000 of assessed valuation property tax as authorized by the voters during the November 8, 2016, general election, authorizing the preparation of the levy certification, and authorizing the chief executive officer to contract for tax collection and administration services.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under RCW Chapters 81.104 and 81.112 for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Central Puget Sound Regional Transit Authority district on November 5, 1996 and November 4, 2008, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, on June 23, 2016, the Sound Transit Board approved Resolution No. R2016-16, which adopted the Sound Transit 3 Regional Transit System Plan for Central Puget Sound ("ST3 Plan"); and

WHEREAS, on June 23, 2016, the Sound Transit Board approved Resolution No. R2016-17, which described the proposed high-capacity transportation system improvements contained in the ST3 Plan, declared the estimated cost of the ST3 Plan to be \$53.8 billion and called for an election to approve certain local taxes to implement the ST3 Plan; and

WHEREAS, one of the specific local taxes identified in Section 4 of Resolution No. R2016-17 is a property tax (authorized by RCW 81.104.175) in the amount of twenty-five cents (\$0.25) or less per \$1,000 of assessed valuation commencing in 2017, and thereafter in annual amounts that include the maximum statutorily permitted annual increases to the aggregate amount of the property tax permitted by Chapter 84.55 RCW; and

WHEREAS, Section 5 of Resolution No. R2016-17 indicates that if Resolution No. R2016-17 is approved by the voters, the voter-approved property taxes levied and collected by Sound Transit will be twenty-five cents (\$0.25) per \$1,000 of assessed valuation commencing in 2017, and thereafter at the maximum permitted rate (not to exceed twenty-five cents (\$0.25) per \$1,000 of assessed valuation) and at the maximum amount permitted by Chapter 84.55 RCW; and

WHEREAS, on November 8, 2016, a general election was held in which the voters approved local funding proposed in Resolution No. R2016-17 to implement the ST3 Plan; and

WHEREAS, RCW 84.52.020 requires the Sound Transit Board to certify to the county legislative authority the property tax levy amounts to be collected,

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that

Section 1. Levy. There shall be and there is hereby levied against the property within the Central Puget Sound Regional Transit Authority Boundary as set forth in Resolution No. R2016-17, a regular property tax at a rate of twenty-five cents (\$0.25) per \$1,000 of assessed valuation for the year 2017. Based on the assessed value of property within the Regional Transit Authority Boundary, the estimated amount to be levied in 2017 will total \$150,000,000.

Section 2. Levy certification. The Board Administrator is hereby authorized to prepare a letter to certify the levy and submit it to King, Pierce and Snohomish Counties pursuant to RCW 84.52.020.


Section 3. The Board further authorizes the chief executive officer to contract with any governmental agency, including but not limited to King, Pierce and Snohomish counties, the Department of Revenue and the Department of Licensing, for collection, transference, and administration of the additional taxes imposed by this resolution and Resolution No. R2016-17. The chief executive officer is further authorized to execute any and all other contracts with governmental agencies as may be necessary to implement this resolution and/or Resolution R2016-17. The contracts must be in a form approved by legal counsel and consistent with the terms and conditions of existing contracts for these services.

Section 4. The Board further authorizes the chief executive officer to take any other actions deemed necessary or useful to implement this Resolution and Resolution No. R2016-17.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 29, 2016.


Paul Roberts
Board Vice Chair

ATTEST:


Kathryn Flores
Board Administrator