

A low-angle shot of a white and teal Sound Transit train. The train is moving from left to right. The teal stripe is prominent. The windows are dark, reflecting the sky. The train is under a glass and steel structure.

MVET Update

Sound Transit Board

March 23, 2017

 **SOUNDTRANSIT**

ST2/ST3 Financed By Three Local Tax Revenue Sources



1.4%

Sales and Use Tax



0.3% + 0.8% = 1.1%

MVET



\$0.25

Property Tax

ST3 MVET Began Collection in March

- ST3 Plan increased MVET to 1.1% (0.3% from Sound Move + 0.8% for ST3)
- Effective March 1st
 - First notices with ST3 rates sent February
 - Approximately 1/6 of renewals with new rate have been sent.

MVET is Value Based

Motor Vehicle Excise Tax, MVET is paid on the registration of vehicles, primarily passenger cars, and light trucks < 6,000 lbs.

- Value based tax
 - higher valued vehicles pay more than lower valued vehicles
- Tax exemption for military personnel
 - Nonresidents stationed in Washington
 - Washington residents stationed outside of the state



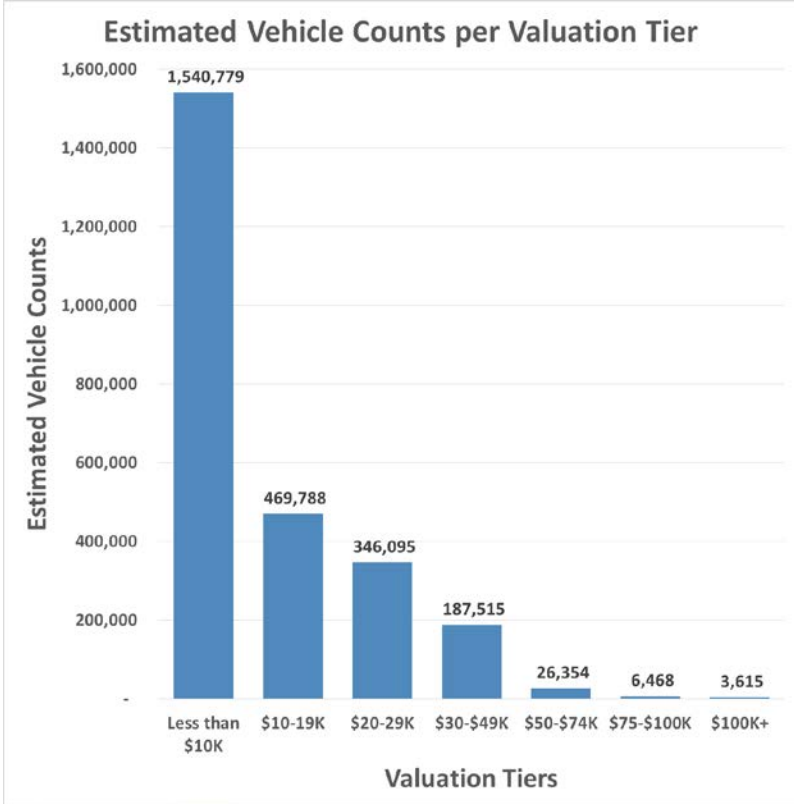
* Purchase price for certain vehicles, or if MSRP not available

Most ST District Vehicles Valued <\$10,000

In 2016 there were 2.5 million vehicles within the district

% Vehicles	Category	% Value
60%	Less than \$10K	17%
18%	\$10-19K	23%
13%	\$20-29K	28%
7%	\$30-\$49K	23%
1%	\$50-\$74K	5%
0%	\$75-\$100K	2%
0%	\$100K+	2%

- 60% of vehicles have a value less than \$10K, and comprise 17% of total taxable value
- 1.4% of vehicles with a value over \$50K comprise 9% of total taxable value



What does ST MVET mean for different cars?

Under newly increased MVET

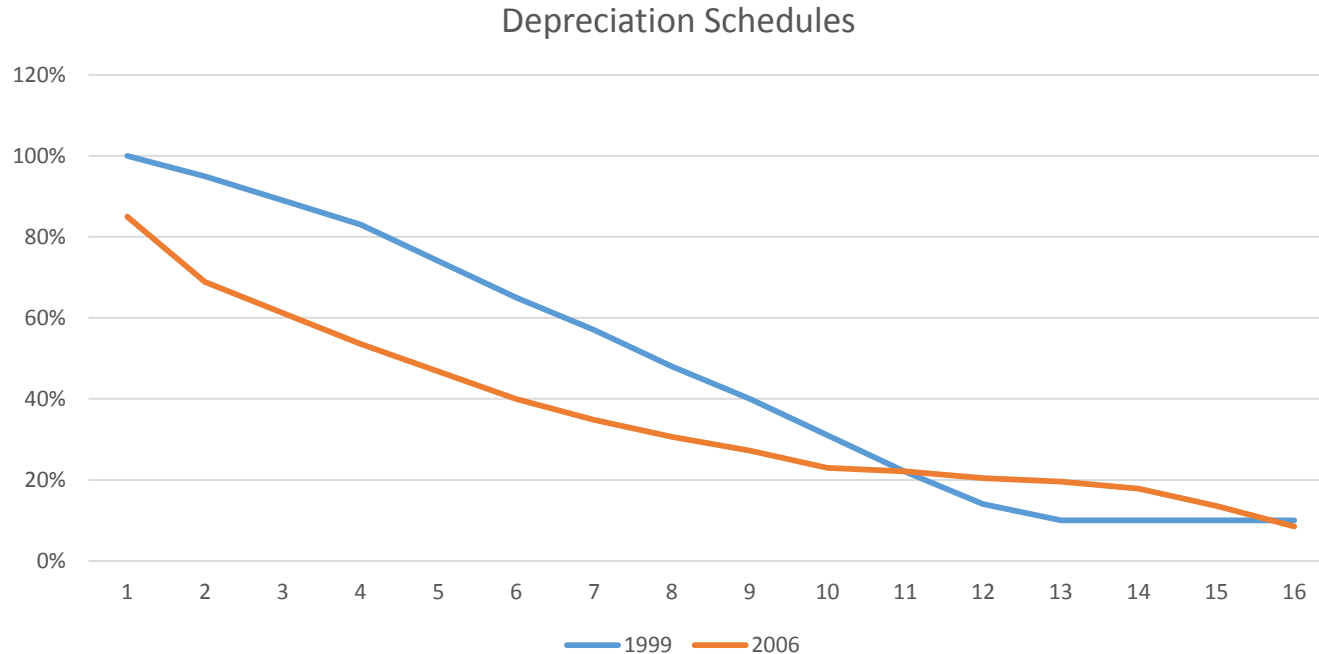
- 75% of vehicles will pay **below \$200**
- Almost 60% of vehicles will pay **below \$100**

The impact will vary, depending on the value and age of a car.

Three typical examples:

Vehicle (Year)	ST Tax / 2016	ST Tax / 2017
Toyota Camry (2016)	\$ 79	\$275
Ford F1 Pickup (2012)	\$ 92	\$295
Honda Civic (2006)	\$ 14	\$34

2006 Schedule Depreciates More Rapidly



All MVET Collections Are Pledged to Bondholders

- 1999 Bonds pledged MVET to bondholders with depreciation schedule in effect at the time (pre-2006 schedule)
- To achieve lowest borrowing costs for taxpayers, 2016 bonds issued with a consolidated pledge of ALL Sound Move, ST2 and ST3 taxes (except property tax)
 - ALL bond holders and TIFIA loans now have consolidated pledge
 - 2016 bonds locked in historically low interest rates

Constraints on Changes to Depreciation Schedule

- Options to address burden of depreciation schedule on car owners must be developed within constraints of:
 - Commitment to complete voter-approved projects; and
 - Existing contractual obligations.

State Legislature Activity

- Work sessions in both House and Senate Transportation Committees
- MVET-related bills introduced
- Responding to requests for information
- Exploring options