

**MOTION NO. M2017-37**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to continue communications and engagement with the State Legislature, and to pursue options to address public concerns about the use of the vehicle depreciation schedule in effect in 1996 in applying motor vehicle excise taxes, with the goal of (1) maintaining the agency's obligations to deliver an expansion of the regional mass transit system on voter-approved timelines and budgets and (2) remaining consistent with the agency's financial policies including commitments to existing Sound Transit bondholders.

**BACKGROUND:**

In 2015, as one element of the state-wide transportation package, the State Legislature authorized the use of local voter-approved property tax and increases to the sales and use tax and motor vehicle excise tax (MVET) for use by Sound Transit to expand the regional high-capacity transit system. In 2016, the Sound Transit Board placed before the voters a twenty-five year plan to significantly expand the regional system, and later that year, a majority of voters in the Sound Transit District approved the Sound Transit 3 (ST3) plan and the tax revenues to support its implementation.

The ST3 finance plan includes the 0.3 percent MVET revenue stream that was approved by voters in 1996, as well as the additional 0.8 percent MVET authorized in the 2015 transportation package. The 0.3 percent MVET will expire in 2028 when the bonds issued by the agency in 1999 are scheduled to retire. The ST3 finance plan includes the MVET revenue stream based on the use of two vehicle depreciation schedules in sequence, an assumption that was enacted in the 2015 authorization: the vehicle depreciation schedule in effect in 1996 associated with the 0.3 percent MVET until 2028 and, after 2028, the depreciation schedule that was adopted by the state in 2006.

In late 2016, to take advantage of historically low interest rates available to the agency to support the financing of the system expansion, Sound Transit issued bonds that pledged sales and use and MVET revenue sources available to the agency, including the 0.3 percent MVET that will expire in 2028.

In response to concerns expressed by some vehicle owners about the use of the older depreciation schedule until 2028, members of the State Legislature have asked for Sound Transit to work with them to explore options to address the use of the older depreciation schedule, while recognizing the need to maintain the agency's commitment to voters to deliver the system expansion.

**MOTION:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to continue communications and engagement with the State Legislature, and to pursue options to address public concerns about the use of the vehicle depreciation schedule in effect in 1996 in applying motor vehicle excise taxes, with the goal of (1) maintaining the agency's obligations to deliver an expansion of the regional mass transit system on voter-approved timelines and budgets and (2) remaining consistent with the agency's financial policies including commitments to existing Sound Transit bondholders.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 23, 2017.



Dave Somers  
Board Chair

ATTEST:



Kathryn Flores  
Board Administrator