

# *Briefing on I-976*

*Finance and Audit Committee*

*03/19/2020*



## *I-976 Application to Sound Transit*

- Repeals statutory authority for MVET and Rental Car Tax
- Repeal of taxes takes effect after ST retires, refinances, or defeases bonds that are secured by the MVET and Rental Car Tax
- Reduces MVET authority from .8% to .2% if taxes are not repealed by April 1, 2020 (would apply only to future expansion plans submitted to voters)

***I-976 does not repeal Sound Transit's  
MVET tax until bonds are repaid and no  
longer outstanding***

# *Sound Transit has an obligation to pay for all committed expenses*

- Capital
- Operating
- Debt service
- State of Good Repair
- Other committed expenditures

# Committed Capital Projects



- Northgate Link Extension
- Hilltop Tacoma Link Extension
- East Link Extension
- Lynnwood Link Extension
- Downtown Redmond Link Extension
- Federal Way Link Extension
- Stride Bus Rapid Transit
- OMFE
- Sounder, STEX, LRV Fleet Expansion
- Other

## ***Bond Defeasance***

- Current Bond outstanding: \$2.3 billion
- Cash needed to defease bonds: \$2.9 billion
- Insufficient funds before or after funding committed expenses.

***Sound Transit does not have sufficient financial resources to defease the bonds to which MVET is pledged.***

***We will notify the Board when/and if the agency has sufficient fund to defease the bonds.***