

**Washington Ballot Summary:
Initiative Measure No. 976**

Election Date: November 5, 2019

Ballot Title (what the voter will see on the ballot):

Initiative Measure No. 976 concerns motor vehicle taxes and fees. This measure would repeal, reduce or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter-approved charges; and base vehicle taxes on Kelley Blue Book value.

Ballot Measure Summary

This measure would repeal or remove authority to impose certain vehicle taxes and fees; limit state and local license fees to \$30 for motor vehicles weighing 10,000 pounds or less, except charges approved by voters after the measure's effective date; base vehicle taxes on Kelley Blue Book value; require regional transit authorities to retire bonds early where allowed; and either reduce or repeal taxes pledged to bonds depending on whether bonds are retired by 2020.

Background:

Annual vehicle license fees include several taxes and fees. Among these may be taxes that fund transportation benefit districts (TBD); the State Legislature authorized cities and counties to establish TBDs in 1987 for funding local transportation improvements. In addition, residents of the Central Puget Sound Transit Regional Transit Authority district which includes King, Pierce, and Snohomish counties pay a motor vehicle excise tax to fund local mass-transit projects based on the vehicle's Manufacturer Suggested Retail Price (MSRP). This district is commonly called Sound Transit.

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Immediate Effects, If Passed:

Initiative 976 impacts motor vehicle license fees. It would reduce annual license tabs to \$30 for vehicles with gross weight of 10,000 pounds or less. The additional charge for motor homes that is based on their weight would be repealed. An additional charge for electric vehicles would be removed.

Transportation benefit districts would have their income reduced. Over 60 jurisdictions that have formed transportation benefit districts (TBD) would lose the ability to collect fees through the motor vehicle license program.

Any future vehicle taxes that voters approve would need to be based on the Kelley Blue Book values rather than the MSRP.

Sound Transit will be required to retire or refinance its bonds (if possible). The Motor Vehicle Excise Tax (MVET) will decrease from .8% to .2%, and would be calculated on the Kelley Blue Book value rather than the MSRP.

Fiscal Effects, If Passed:

The Washington Office of Financial Management estimates that I-976 would result in a revenue loss to the state of \$1.9 billion and a loss to local governments of \$2.3 billion over the next 6 years. Implementation costs would be an addition \$2,846,800 in the 2019-2021 biennium. The motor vehicle account would be negatively impacted, and this account is the main source of funds for highway construction, highway maintenance and ferry support. Funds for public transportation, rail & bicycle projects and local projects to address traffic congestion would be reduced.

Arguments for:

Supporters of this initiative argue that voters have approved a \$30.00 vehicle tab limit in the past and that the legislature has continued to add more fees based on the weight and value of vehicles. They also argue that calculating a vehicle value based on the MSRP (Manufacturer's Suggested Retail Price) inflates that value of the vehicle and assert that using the Kelley Blue Book value is more honest.

Arguments against:

Opponents of this initiative argue that the current motor vehicle fees support critical transportation funding for keeping our highways safe, funding transit, maintaining our ferry system and investing in Washington State Patrol. They argue that the transportation system is critical for a healthy economy and all residents' well-being. Passing this measure would negatively impact budgets of cities as well as Sound Transit.

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