

POLICY NOTE

Citizen's Guide to Initiative 976: to reduce how much drivers pay in yearly vehicle fees and taxes

By Mariya Frost, Director, Coles Center for Transportation

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Key Findings

1. Initiative 976 would lower annual vehicle registration renewals to \$30 a year.
2. Drivers pay additional car tab taxes and fees, many of which Initiative 976 would reduce or repeal entirely.
3. Transportation Benefit Districts (TBDs) would no longer have the authority to impose vehicle fees.
4. Sound Transit's entire 1.1 percent motor vehicle excise tax (MVET) would be conditionally repealed. If Sound Transit does not comply, the total MVET would be reduced to 0.5 percent.
5. The initiative would primarily reduce the money drivers pay for public transportation at the state and local levels.
6. Of the approximate \$4.2 billion fiscal impact to state and local revenues over six years, 35 percent would come out of the state Multimodal Account, which largely funds public transportation, and 46 percent would affect Sound Transit. Eight percent would come out of the state Motor Vehicle Fund, which exclusively funds roads and bridges.

Background

Voters enact \$30 car tabs

Before 1999, Washington state had been charging car owners a tax of 2.2 percent of a vehicle's value added to their annual car tab fees. This motor vehicle excise tax (MVET) was not based on a car's fair market value, but on a vehicle depreciation schedule that inflated the value of vehicles. Both the state tax and the valuation method were considered by many people as arbitrary and unfair.

In response, voters passed Initiative 695 in 1999. The popular measure passed with 56 percent support and repealed the state MVET as well as the inflated depreciation schedule. The initiative imposed a flat \$30 annual car tab fee and required any future tax increases to be voter-approved. Despite support from voters, the Supreme Court ruled in early 2000 that Initiative 695 was invalid.¹

Governor Gary Locke and both parties in the state legislature subsequently preserved \$30 car tabs in an effort to "remove any uncertainty in the minds of the citizens of the state of Washington, to make it very clear that we will carry out Initiative 695" and enact the tax cut voters approved.² Lawmakers also repealed the state MVET and inflated depreciation schedule, effectively passing Initiative 695 by changing the original statute.

Voters repeal the Sound Transit car tab tax

In 2002, Initiative 776 qualified for the ballot and passed with 51 percent support. The initiative repealed Sound Transit's authority to impose the MVET it had been collecting. The courts, again under political pressure, ruled that Initiative 776 impaired bond contracts that Sound Transit officials had already issued, backed by MVET revenue. The court allowed Sound Transit to continue collecting the regional MVET using the inflated depreciation schedule that lawmakers had repealed.

1 "Single-subject rule," Ballotpedia, 2019, at https://ballotpedia.org/Single-subject_rule.

2 "I-695 ruling saves \$30 tabs, sets off scramble in Olympia," by David Postman, et al., *The Seattle Times*, March 15, 2000, at <http://community.seattletimes.nwsources.com/archive/?date=20000315&slug=4010166>.

Sound Transit seeks another tax increase

In 2015, Sound Transit asked the legislature for authority to impose an additional 0.8 percent MVET tax on residents, again using the repealed depreciation schedule. The legislature agreed, and in 2016, the proposed new tax was put before voters living in the parts of King, Pierce and Snohomish counties that make up Sound Transit's taxing district.

Voters approved the measure, known as Sound Transit 3, which included increases in property, sales and car tab taxes. Sound Transit did not inform voters that their cars would be artificially overvalued so the agency could collect maximum MVET revenue. When voters in the taxing district started to receive their car tab renewals in the mail, they were understandably upset.

The ongoing controversy over Sound Transit's collection of inflated car tab taxes has fueled the creation of Initiative 976, a measure sponsored by initiative activist Tim Eyman, which seeks to re-instate \$30 car tabs, reduce various vehicle licensing taxes and fees, and eliminate all of Sound Transit's 1.1 percent MVET levy.

Initiative 976 has gained enough valid signatures to qualify for the November 2019 ballot. This citizen's guide evaluates the practical effect the initiative would have on taxpayers, if passed, and reviews the fiscal impact on state and local revenues, so that voters can make an informed choice.

How Initiative 976 would affect yearly vehicle taxes and fees

Here is a summary of the yearly taxes and fees drivers pay now and how these would change if Initiative 976 is passed:

1. Registration and vehicle weight fees: Any passenger cars, motorcycles, sports utility vehicles, tow trucks, and cabs used on public roads must be registered every year. Basic registration fees include:

- \$30 annual registration fee, deposited into various accounts in the Motor Vehicle Fund³ that include funding Washington State Patrol highway activities and Puget Sound ferries.⁴
- \$25 to \$72 annual weight fee, the majority of which is diverted to the Multimodal Transportation Account, which largely funds non-highway transportation, such as public transit, as well as bicycle and pedestrian infrastructure.⁵ An additional \$10 weight fee will be added starting July 1, 2022, which will also be deposited into the Multimodal Transportation Account.⁶

3 The Motor Vehicle Fund is protected by the 18th Amendment to the Washington State Constitution, so money that is deposited into this fund is protected for highway purposes only and cannot be used for other transportation like transit. State fuel taxes and annual vehicle registration fees are protected within this fund.

4 Revised Code of Washington 46.68.030 Disposition of vehicle registration and license fees, Washington State Legislature, 2017, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.030>.

5 Revised Code of Washington 47.66.070 Multimodal Transportation Account, Washington State Legislature, 2000, at <https://app.leg.wa.gov/RCW/default.aspx?cite=47.66.070>.

6 Revised Code of Washington 46.17.365 Motor Vehicle Weight Fee – Motor home vehicle weight fee, Washington State Legislature, 2015, at <https://apps.leg.wa.gov/rcw/default.aspx?cite=46.17.365>.

- Other transaction fees that total \$8 and are deposited into the Capital [Ferry] Vessel Replacement Account in the Motor Vehicle Fund.⁷
- \$4.50 filing fee, which is deposited into various accounts depending on which entity collects it.⁸
- \$0.50 cent license service fee, which is deposited into the DOL Services Account in the Motor Vehicle Fund.⁹
- \$0.25 cent license plate technology fee, which is deposited into the License Plate Technology Account in the State Treasury. The money funds “future license plate technology and systems integration upgrades for both the department and correctional industries.”¹⁰

Initiative 976 would leave the annual registration fee as is, at \$30, but would repeal annual weight fees for the aforementioned vehicle types, including the \$10 fee that will go into effect in 2022. The initiative does not affect the smaller transaction fees listed above.

2. License fee by weight for light duty trucks: Instead of a registration fee and separate weight fee, light duty trucks pay a license fee based on gross vehicle weight. Trucks under 10,000 pounds pay:

- \$53 to \$93 annual license fee, most deposited into various accounts in the Motor Vehicle Fund.¹¹ About 11.5 percent of the fees are deposited into the Transportation Partnership Account in the state treasury.¹² An additional \$10 weight fee is added starting July 1, 2022 for vehicles up to 12,000 pounds, which is also deposited into the Motor Vehicle Fund.

Initiative 976 would reduce the annual license fee for light duty trucks to \$30. However, the \$10 additional weight fee that starts in 2022 would not be affected, so the total would increase at that time to \$40.

3. Motor home vehicle weight fee: Instead of the standard motor vehicle weight fee which varies by weight, the owner of a motor home vehicle must pay \$75 annually, and this money is deposited into the Freight Mobility Multimodal Account¹³ and Multimodal Transportation Account. Initiative 976 would repeal this fee.

7 Revised Code of Washington 46.17.040, Washington State Legislature, 2019, at <https://apps.leg.wa.gov/rcw/default.aspx?cite=46.17.040>.

8 Revised Code of Washington 46.68.400 Vehicle registration filing fees – Distribution, Washington State Legislature, 2019, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.400>.

9 Revised Code of Washington 46.68.220 Department of Licensing Services Account, Washington State Legislature, 2011, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.220>.

10 Revised Code of Washington 46.68.370 License Plate Technology Account, Washington State Legislature, 2013, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.370>.

11 Revised Code of Washington 46.68.035 Disposition of combined vehicle license fees, Washington State Legislature, 2017, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.035>.

12 Revised Code of Washington 46.68.290 Transportation Partnership Account – Definitions – Performance audits, Washington State Legislature, 2017, at <https://app.leg.wa.gov/RCW/default.aspx?cite=46.68.290>.

13 Revised Code of Washington 46.68.310 Freight Mobility Multimodal Account, Washington State Legislature, 2006, at <https://apps.leg.wa.gov/rcw/default.aspx?cite=46.68.310>.

4. Commercial trailer registration fee: Commercial trailers that carry freight, animals, or other products pay an initial registration fee of \$34 and an annual renewal fee of \$30.

Initiative 976 would lower the initial registration fee from \$34 to \$30 and keep the annual renewal fee of \$30 thereafter.

5. Snowmobile registration fee: Owners of snowmobiles pay an annual \$50 registration fee, which includes \$30 for registration and \$20 for snowmobile infrastructure. The money is deposited into the Snowmobile Account to pay for “operation and maintenance of snowmobile facilities and for the implementation of snowmobile safety, enforcement, and education programs.”¹⁴

Initiative 976 would reduce the snowmobile registration fee from \$50 to \$30. The Washington State Snowmobile Association lobbied for an increase in the registration fee, from \$30 to \$50, so that snowmobilers could have trails maintained and kept safe. Initiative 976 would remove this additional user fee.

6. Electric vehicle (EV) fee: In addition to the standard \$30 vehicle registration fee and appropriate weight fee, drivers who own and operate electric vehicles pay two fees that amount to \$150. An additional \$75 hybrid transportation electrification fee was added starting October 1, 2019, bringing the new total to \$225 (not including the \$30 registration fee). The EV fees are broken down this way:

- \$100 electric vehicle fee to compensate for electric vehicles not paying a fuel tax. This money is deposited into the Motor Vehicle Fund up until \$1 million annually. Beyond this amount, 70 percent of the money continues to be deposited into the Motor Vehicle Fund, while 15 percent is deposited into the Transportation Improvement Account¹⁵ and another 15 percent is deposited into the Rural Arterial Trust Account¹⁶ (both of these accounts are in the Motor Vehicle Fund and support arterial street infrastructure).
- \$50 electric vehicle fee – the first \$1 million raised by the fee is diverted to the Multimodal Transportation Account. Remaining money is deposited into the Motor Vehicle Fund.
- \$75 electric transportation fee, deposited into Electric Vehicle Account.¹⁷ The money finances electric and hybrid vehicle charging infrastructure.

Initiative 976 would lower the annual electric fee of \$100 to \$30 and completely eliminate the second \$50 fee. The new \$75 fee would not be affected by the initiative. If Initiative 976 passes, electric vehicle owners would pay a \$30 registration fee, as well as a \$30 electric vehicle fee and a \$75 electric transportation fee, totaling \$135.

14 “Senate Bill Report SI 976,” Washington State Legislature, February 26, 2019, at <http://lawfilesexet.leg.wa.gov/biennium/2019-20/Pdf/Bill%20Reports/Senate/INITIATIVE%20976%20SIA%20TRAN%2019.pdf>.

15 Revised Code of Washington 47.26.084 Transportation Improvement Account – Intent of programs – Local agency certification of funds, Washington State Legislature, 2011, at <https://app.leg.wa.gov/RCW/default.aspx?cite=47.26.084>.

16 Revised Code of Washington 36.79.020 Rural Arterial Trust Account, Washington State Legislature, 1997, at <https://app.leg.wa.gov/RCW/default.aspx?cite=36.79.020>.

17 Revised Code of Washington 82.44.200 Electric Vehicle Charging Infrastructure Account, Washington State Legislature, 2015, at <https://app.leg.wa.gov/RCW/default.aspx?cite=82.44.200>.

7. Transportation Benefit District (TBD) vehicle fees: State law authorizes cities and counties to create Transportation Benefit Districts (TBD),¹⁸ which are “quasi-municipal corporations and independent taxing districts that can raise revenue for specific transportation projects, usually through vehicle license fees or sales taxes.”¹⁹ The money collected can be used for projects that range from road improvements to transit and pedestrian improvements. The law allows local jurisdictions to create TBDs and, with a majority vote, impose vehicle license fees up to \$50 without a public vote. Beyond that, a TBD can impose up to \$100 in vehicle fees with voter approval.

According to the Municipal and Research Services Center (MRSC), there are five counties and over 100 cities and towns that have created TBDs.²⁰ Of those, 62 impose vehicle license fees on drivers.

Initiative 976 would repeal the authority of TBDs to impose vehicle fees.

8. Local motor vehicle excise tax for passenger ferry service: Public Transportation Benefit Districts (PTBAs) in the Puget Sound region can ask voters for a Motor Vehicle Excise Tax (MVET) of up to 0.4 percent for passenger-only ferry service. No PTBA imposes this MVET.

Initiative 976 would repeal the authority of PTBAs to impose an MVET. There would be no fiscal impact, however, because no such MVETs currently exist.

9. Sound Transit’s motor vehicle excise tax: Sound Transit is the only regional transit authority that imposes a separate MVET on drivers who live in its taxing district. Sound Transit officials sought and received special taxing authority from the state legislature. They then pushed for tax increases through three ballot measures: Sound Move in 1996, Sound Transit 2 in 2008, and Sound Transit 3 in 2016. Officials secured a 0.3 percent MVET in Sound Move, and an additional 0.8 percent MVET in Sound Transit 3. The agency now collects a total 1.1 percent MVET.

Initiative 976 would conditionally repeal Sound Transit’s entire MVET of 1.1 percent. Section 12 of the initiative directs any transit authority that imposes an MVET under RCW 81.104.160, which is currently just Sound Transit, to “fully retire, defease, or refinance any outstanding bonds” backed by that MVET. This includes the Sound Move 0.3 percent MVET as well as the 0.8 percent MVET in Sound Transit 3. If Sound Transit does not comply, the initiative directs Sound Transit’s 0.8 percent MVET to be reduced to 0.2 percent, leaving a total MVET of 0.5 percent.

Initiative 976 also stipulates that any taxing district that imposes a vehicle tax “must set a vehicle’s taxable value at the vehicle’s base model Kelley Blue Book [market] value... [to ensure] an honest and accurate calculation of the tax.”²¹

18 Revised Code of Washington Chapter 36.73 Transportation Benefit Districts, Washington State Legislature, 2019, at <https://apps.leg.wa.gov/rcw/default.aspx?cite=36.73>.

19 “Transportation Benefit Districts,” Municipal Research and Services Center (MRSC), 2019, at <http://mrsc.org/Home/Explore-Topics/Governance/Forms-of-Government-and-Organization/Special-Purpose-Districts-in-Washington/Transportation-Benefit-Districts.aspx>.

20 “List of TBDs,” Municipal Research and Services Center (MRSC), August 23, 2019, at <http://mrsc.org/Home/Explore-Topics/Governance/Forms-of-Government-and-Organization/Special-Purpose-Districts-in-Washington/TBD-List-Map.aspx>

21 Initiative Measure No. 976, Washington Secretary of State, filed March 19, 2018, at https://sos.wa.gov/assets/elections/initiatives/finaltext_1519.pdf.

The practical impact of I-976 on Washington residents' car tab bills

Drivers in Washington with a regular passenger vehicle all pay the basic \$30 registration fee.

They also pay a vehicle weight fee, which varies but can add up to \$72 dollars to a car tab bill.

Additionally, many drivers pay local Transportation Benefit District fees. For example, in Seattle, the TBD fee is \$80, and in Spokane, it is \$20. Those who own an electric vehicle pay an additional \$225 in electric vehicle fees.

People who live in the Puget Sound region in the Sound Transit taxing district pay an MVET as well, which can cost hundreds of dollars for ordinary cars (a 2013 Dodge Challenger would cost nearly \$250, as an example).

Under Initiative 976, a Spokane resident who owns a passenger vehicle would pay a \$30 registration fee but would no longer pay a vehicle weight fee or a \$20 TBD fee.

A Seattle resident who owns a passenger vehicle would pay a \$30 registration fee, but would no longer pay a vehicle weight fee, \$80 TBD fee, or the Sound Transit MVET which can add hundreds of dollars to the cost.

If either resident owns an electric vehicle, they would see their electric vehicle fees decrease by \$120.

Total fiscal impact on state revenue (2020 to 2025)

According to the Washington State Office of Financial Management, total potential fiscal impact of the initiative to state revenue over the next six years (based on current biennial projections, which could change next biennium) would be as follows:²²

Account	Total	% of Total
Multimodal Account	\$1,484,121,700	77.22
Motor Vehicle Account	\$265,553,425	13.82
WSP Highway Account	\$88,573,400	4.61
Transportation Partnership Account	\$45,684,900	2.38
Nickel Account	\$20,745,000	1.08
Puget Sound Ferry Operations	\$5,446,700	0.28
Rural Arterial Trust Account	\$5,013,938	0.26
Transportation Improvement Account	\$4,272,075	0.22
Snowmobile Account	\$2,490,100	0.13
TOTAL		\$1,921,901,238

The greatest impact would be on the state's Multimodal Account, which is a general transportation account that funds public transportation, biking and

²² "Fiscal Impact Statement for Initiative 976," Washington State Office of Financial Management, 2019, at <https://ofm.wa.gov/sites/default/files/public/budget/ballot/2019/I-976-fiscal-impact-statement.pdf>.

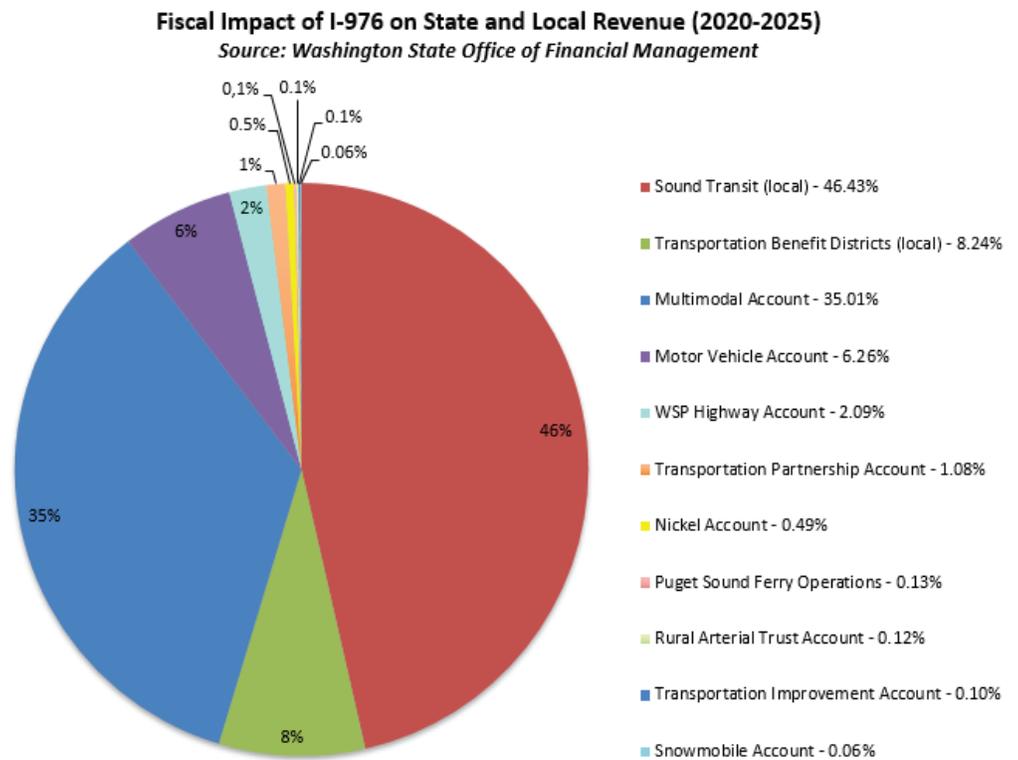
walking programs, rail, and other non-highway programs. Part of the fiscal impact would be due to the loss of money from registration renewals, but part of it would be due to Initiative 976 repealing the 0.3 percent sales and use tax on vehicles, which was approved in 2003.

Total fiscal impact on local revenue (2020 to 2025)

According to the Washington State Office of Financial Management, the total potential fiscal impact of the initiative to local revenue over the next six years would amount to \$2,317,121,034. Of that local revenue, which includes Transportation Benefit Districts, roughly \$1.9 billion would potentially impact Sound Transit.²³

Sound Transit officials claim that there would be a \$20 billion impact through 2041 due to “higher borrowing costs and delays.”²⁴ No supporting data for that claim has been provided by the agency.

Below is a chart showing the initiative’s projected fiscal impact on state and local revenue over six years.



²³ Ibid.

²⁴ “Tim Eyman’s initiative to cut car-tab taxes would cost billions in transportation funding, state says,” by Heidi Groover, *The Seattle Times*, July 27, 2019, at <https://www.seattletimes.com/seattle-news/transportation/tim-eymans-initiative-to-cut-car-tab-taxes-would-cost-billions-in-transportation-funding-state-says/>.

Policy Analysis

State revenue

If Initiative 976 passes, the state's Multimodal Account would lose \$1.48 billion, or 77 percent of the total \$1.9 billion reduction in revenues. The account has grown substantially over the years, despite a multi-million annual backlog in road maintenance and preservation.²⁵

For example, in fiscal year 2010, \$2.88 billion in state transportation spending was funded by the major state and federal taxes and fees imposed on drivers. Yet state officials shifted over \$200 million to non-highway purposes, when this money could have been spent on building better roads and bridges. These non-highway expenditures included \$19.8 million given to Indian tribes for fuel tax refunds and \$127.2 million diverted to the state Multimodal Account. An additional \$62 million in sales taxes on state road projects was diverted to the general fund.

In fiscal year 2015, \$3.33 billion in state transportation spending was funded by the major state and federal taxes and fees imposed on drivers. This time, officials transferred \$34.1 million to Indian tribes and sent \$294.9 million to the state Multimodal Account. In other words, the state collected nearly 16 percent more in transportation funding in 2015 than in 2010, and officials diverted 72 percent more to Indian tribes and 132 percent more to the state Multimodal Account.

Initiative 976, if passed, would discourage the practice of lawmakers diverting money collected from drivers away from road improvement projects to spend on other programs.

Electric Vehicle (EV) fees

On average, Washington drivers pay \$289 each year in state fuel tax.²⁶ Owners of EVs do not pay state fuel tax, so instead, they pay a combined \$150 fee. Thus, the \$150 total that EV owners pay should be considered a gas tax offset, rather than a registration fee. Reducing this fee to \$30 would effectively shift the burden of paying for impact on roads to drivers in ordinary, non-electric vehicles.

In analyzing tax breaks provided by government for EV purchases, Washington Policy Center compared state data of recent purchases by zip code. The data shows that electric vehicles are predominantly purchased by people living in Washington state's wealthiest zip codes.²⁷ Reducing the gas tax offset EV owners pay on registration renewals and shifting the cost to non-EV owners, who already pay nearly double in comparison, would amount to a subsidy for wealthier electric vehicle owners.

25 "Getting There: How do we fix our crumbling roadways?" by Nicholas Deshais, *The Spokesman Review*, September 23, 2018, at <https://www.spokesman.com/stories/2018/sep/23/getting-there-how-do-we-fix-our-crumbling-roadways/>.

26 "WA RUC FAQs," Washington State Road Usage Charge, 2019, at <https://waroadusagecharge.org/faqs/#custom-collapse-0-4>.

27 "Tax Breaks for Electric Vehicles are Bad Climate Policy," by Todd Myers, Blog post, Washington Policy Center, February 15, 2019, at https://www.washingtonpolicy.org/publications/detail/tax-breaks-for-electric-vehicles-are-bad-climate-policy?fbclid=IwAR3BYtD6tU69ChgKUoMoNI--uKxFSbu0BTVKtHE_iujTgTxIW-2OWwbigMg.

Transportation Benefit Districts (TBDs)

Transportation Benefit Districts should be voter-approved, and should be limited to paying for road projects, rather than being diverted to expand transit service or other non-road uses. Imposing TBD vehicle fees to fund transit improvements unfairly targets drivers for a service they do not use or benefit from.

If public officials want to fund local transit, they can do so by seeking a public vote on a sales tax increase, for example, which TBDs have the authority to impose and which is a broad tax that everyone living in the TBD boundary would be subject to.

Further, any fees that local officials want to impose should be considered in context with what residents of a city or county already pay to the state. While TBD fees may be isolated funding sources for the jurisdiction, they are likely just another tax to the ordinary citizen.

Initiative 976 would repeal TBDs authority to impose vehicle fees, including driver fees that are diverted to transit. If lawmakers reform how TBDs function in the future – allowing the public to vote if they want to pay more money for road improvements, rather than handing that decision-making power solely to local officials – TBDs and the vehicle fees voters approve for roads are acceptable and represent good policy. Whether it passes or not, Initiative 976 serves as a necessary call for lawmakers to reform how TBD vehicle fees are imposed on the public.

Sound Transit's Motor Vehicle Excise Tax (MVET)

When taxpayers in the Puget Sound region started receiving car tab renewals in the mail in 2017, they were shocked to find out their MVET was much higher than what officials led them to expect.

The public and lawmakers then learned that Sound Transit officials failed to inform voters that the agency collects maximum tax revenue on cars less than 10 years old by choosing to use a repealed and inflated vehicle depreciation schedule dating from 1999.²⁸ The flawed schedule inflates the value of vehicles by taking their manufacturer's suggested retail price (MSRP) rather than their fair market value, and depreciating the vehicle at a rate that does not reflect its real value over time.

As a result, the taxable amount is much higher and allows Sound Transit to collect maximum tax revenue from the public until 2028, when the 0.3 percent Sound Move MVET expires. At that time, the remaining 0.8 percent MVET will switch over to a newer depreciation schedule that more accurately reflects fair market values.²⁹ However, until then, Sound Transit would continue to collect significant tax overcharges.

Sound Transit officials claim they were honest with voters and lawmakers about the increase, but a legislative investigation in 2017 and a class action lawsuit that was brought before the state Supreme Court in 2019 found that this was not the

²⁸ Revised Code of Washington 82.44.041, Washington State Department of Licensing, accessed August 27, 2019, at <https://www.dol.wa.gov/vehicleregistration/docs/rcw82-44-041.pdf>.

²⁹ Revised Code of Washington 82.44.035, Washington State Legislature, 2010, at <https://app.leg.wa.gov/RCW/default.aspx?cite=82.44.035>.

case.³⁰ Although several bills were proposed to correct the unfair tax overcharges, none have passed the legislature. Sound Transit officials refuse to make the correction on their own and have actively opposed all legislative efforts to bring fairness to the agency's collection of the car tab tax.

Initiative 976 is very much a result of the lack of resolution from lawmakers and Sound Transit officials. The initiative mirrors the frustration people feel in paying unfair tax overcharges to the transit agency year after year. Sound Transit 3 was approved by a little over half of voters in the taxing district, who trusted the agency to present complete information on the tax burden that would be imposed. Having learned that this, in fact, did not happen, Initiative 976 has become a way for taxpayers to demand accountability and integrity from the agency.

Sound Transit has shown repeatedly that it has enough money and padding built into its budget to correct this inequity without delaying projects or impairing bond contracts.³¹ Taking no action would spur continued public outcry, lawsuits, and public efforts like Initiative 976 to reduce the unfair tax burden on the public – efforts that don't just target the tax overcharge, but that completely eliminate Sound Transit's authority to collect an MVET in the first place.

Conclusion

Initiative 976 seeks to reduce the growing car tab tax burden imposed on drivers by state, local and Sound Transit officials, which is now largely diverted by government to fund non-highway purposes. The spirit of the initiative reflects a growing frustration in the Puget Sound region in particular, where drivers find they pay hundreds of dollars every year to fund what are largely Seattle's political priorities.

The strong opposition from those who are concerned about the impact to the Motor Vehicle Fund, or who worked hard to negotiate for Connecting Washington³² transportation projects in their districts across the state, is well-intentioned.

These concerns are similar to those that were expressed about Initiative 695 in 2000. A year after the passage of Initiative 695, government agencies adapted through a combination of increased efficiency, reordered budget priorities, program savings and alternative revenue sources.³³ This reasonable adjustment by public agencies is likely to happen again if Initiative 976 passes, although lawmakers may also feel pressured to find alternative revenue or shuffle available funds to backfill lost revenue.

30 "Stunning admission' from Sound Transit during car tabs court case," By Candy, Mike and Todd Show, MyNorthwest, September 10, 2019, at <https://mynorthwest.com/1507619/sound-transit-admission-car-tabs-court-case/>.

31 "Sound Transit can provide car tab relief and walk away unscathed," by Mariya Frost, *Puget Sound Business Journal*, August 25, 2017, at <https://www.bizjournals.com/seattle/news/2017/08/25/opinion-sound-transit-can-provide-car-tab-relief.html>.

32 The Connecting Washington Transportation Package was passed by the Washington State Legislature in 2015. It is a \$16 billion, 16-year program that was primarily funded by an 11.9- cent gas tax increase.

33 "Initiative 695 One Year Later: The Sky Didn't Fall," by Paul Guppy, Policy Brief, Washington Policy Center, January 2001, at https://www.washingtonpolicy.org/library/docLib/1695_one_year_later.pdf.



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Ultimately, people will have to judge the costs and benefits of the policy according to what they value. Whether Initiative 976 passes or fails, the public discussion of eliminating the diversion of driver taxes and fees to fund government priorities, and protecting remaining funds for highway purposes, will continue.