



**CITY OF MOSES LAKE**  
**STAFF REPORT**

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To: Transportation Benefit District Board  
From: John Williams, City Manager  
Date: February 28, 2017  
Proceeding Type: Motion  
Subject: Resolution – TBD Imposing Sales and Use Tax

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**Legislative History:**

• First Presentation:	February 28, 2017
• Second Presentation:	
• Action:	Motion

**Background**

Sales and use tax up to 0.2% requires voter approval. The sales and use tax may not be imposed for longer than 10 years at a time, except to repay debt, and must be approved by a simple majority of voters. The sales tax cannot be collected until the Department of Revenue (DOR) receives 75 days' notice. The next tax begins on the first day of January, April, or July. Thereafter, DOR will remit the proceeds to the TBD monthly.

Annual revenue is estimated at \$703,881 for each 0.1% increase. Upon voter approval of this funding option, the vehicle license fee would be eliminated previously established by the board.

**Attachments**

A.	Resolution No. 3
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## TRANSPORTATION BENEFIT DISTRICT

### RESOLUTION NO. 3

A RESOLUTION OF THE CITY OF MOSES LAKE TRANSPORTATION BENEFIT DISTRICT BOARD PROVIDING FOR A BALLOT PROPOSITION TO BE SUBMITTED TO THE QUALIFIED ELECTORS OF THE DISTRICT ON (DATE), TO AUTHORIZE A SALES AND USE TAX TO BE IMPOSED WITHIN THE BOUNDARIES OF THE DISTRICT UPON ALL TAXABLE RETAILS SALES AND USES IN THE AMOUNT OF TWO-TENTHS OF ONE PERCENT (0.2%) FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COSTS ASSOCIATED WITH TRANSPORTATION IMPROVEMENTS IN THE DISTRICTS IDENTIFIED HEREIN

#### RECITALS:

1. The City of Moses Lake established a transportation benefit district as authorized by the Revised Code of Washington (RCW) 35.21.225 and subject to the provisions of RCW 36.73 through the adoption of Ordinance No. 2847 on December 27, 2016 for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district that are consistent with any existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels; and
2. Tthe City Council of the City of Moses Lake found it to be in the best interest of the City to establish a citywide transportation benefit district for the preservation and maintenance of the City's transportation infrastructure; and
3. Tthe necessary transportation improvement projects are identified in the City of Moses Lake's Pavement Management Program and/or the City's Six-Year Transportation Improvement Program; and
4. RCW 36.73.040 (3)(a)authorizes transportation benefit districts to impose a sales and use tax in accordance with RCW 82.14.0455(1) in an amount not exceeding two-tenths of one percent (0.2%) for a period of ten (10) years upon a favorable vote of the qualified electors within the district for the purpose of financing certain transportation improvements; and

#### THE CITY OF MOSES LAKE TRANSPORTATION BENEFIT DISTRICT DOES RESOLVE AS FOLLOWS:

Section 1. Purpose. The governing board of the Moses Lake Transportation Benefit District finds that it is in the best interest of the district to submit to the qualified voters of the district, at an election on (date), a proposition authorizing the City of Moses Lake Transportation Benefit District to impose a sales and use tax of two-tenths of one percent (0.2%) pursuant to RCW sections 36.73.040(3)(a), 36.73.065(1), and 82.14.0455 for the purpose of raising revenue to acquire, invest in, construct, improve, provide, operate, preserve, maintain and/or fund transportation improvements in the district, and to impose such sales and use tax if approved by an affirmative vote of a majority of the district voters voting at the election.

Section 2. Revenues. The revenues received from this portion of the sales and use tax shall only be expended on transportation projects approved by the Board of the District. The governing board of the TBD shall determine the application of moneys available for the TBD projects so as to accomplish projects.

Section 3. Material change policy. The governing board may alter, make substitutions to, and amend the projects as it determines in the best interests of the district and in accordance with the material change policy adopted by the board and the notice, hearing, and other procedures described in RCW Chapter 36.73, including and without limitation RCW 36.73.050(2)(b) as amended.

Section 4. Considerations regarding transportation improvements. The governing board finds that the transportation improvements which will reduce risk of transportation facility failure and improve safety, improve travel time, improve air quality, increase daily and peak-period trip capacity, improve modal connectivity,

improve freight mobility, provide cost-effective investment, provide for optimal performance of the transportation system through time, and improve accessibility for, or other benefits to, persons with special transportation needs are in the best interests of the City.

Section 5. Ballot Measure. The Auditor of Grant County, as ex-officio supervisor of elections, is hereby requested to conduct an election in the City of Moses Lake Transportation Benefit District, in the manner provided by law, to be held on (date) for the purpose of submitting to the qualified electors of the Transportation Benefit District, a proposition in accordance with RCW 29A.36.071 and in substantially the following form:

City of Moses Lake Transportation Benefit District  
Moses Lake, Washington  
Sales and Use Tax for  
Transportation Improvements

The City of Moses Lake Transportation Benefit District Board adopted Resolution No. \_\_\_\_\_ concerning a sales and use tax to fund transportation improvements. This proposition would authorize replacement of the Transportation Benefit District Board approved \$20.00 vehicle license fee with the establishment of a sales and use tax of two-tenths of one percent (0.2%) to be collected from all taxable retail sales and uses within the district in accordance with RCW 82.14.0455 for a term of ten (10) years for the purpose of paying costs of transportation improvements identified in the City's Transportation programs.

Shall this proposition be approved?

- ☐ Yes  
☐ No

Section 6. Repeal Resolution No. \_\_\_\_\_. Upon the voter's approval and effective date of the proposed sales and use tax, the \$20.00 vehicle license fee shall automatically be repealed and no longer collected by the Washington Department of Licensing on qualifying vehicles as set forth in RCW 82.80.140 and RCW Chapters 36.73 and 46.16.

Section 7. Authorization. The clerk of the City of Moses Lake Transportation Benefit District is authorized and directed to present this resolution to the Auditor of Grant County, Washington in accordance with RCW 29A.04.321 and as provided by law.

Section 8. Corrections. The clerk of the City of Moses Lake Transportation Benefit District is authorized to make necessary clerical corrections to this resolution, including but not limited to the corrections of scrivener's and clerical errors, references, numbering, section and subsection number and any references thereto, and to make corrections and revisions consistent with the requirements of the offices of the Grant County Auditor which do not change the substantive meaning of this resolution.

Section 9. Severability. If any section, sentence, clause or phrase of this resolution should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase.

Adopted by the Transportation Benefit District on \_\_\_\_\_, 2017

ATTEST:

\_\_\_\_\_  
Ryann Leonard, Chair

\_\_\_\_\_  
W. Robert Taylor, Finance Director

# CITY OF MOSES LAKE

## TRANSPORTATION BENEFIT DISTRICT

### FACT SHEET

#### What is the Transportation Benefit District (TBD)?

A Transportation Benefit District (TBD) is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, consulting, constructing, improving, providing, and funding transportation improvements within the District (City Limits).

#### What will a TBD do for Moses Lake?

A Transportation Benefit District would allow the City to better maintain its streets for all users. The City has 200 lane miles and a backlog of street projects to maintain. Revenue generated by the TBD, the City will begin to replace, in part, the transportation funding that has been lost to the City, augment the City's general fund contribution, and help preserve and maintain the City's transportation infrastructure.

#### How does it work?

On December 27, 2016 the City of Moses Lake established a TBD as authorized by the Revised Code of Washington (RCW) 35.21.225 and subject to the provisions of RCW 36.73 through the adoption of Ordinance No. 2847. With the creation of the TBD Board, RCW 36.73.056 authorizes the TBD Board to adopt a \$20.00 vehicle license fee that will help pay for street maintenance projects and pedestrian improvements within the City. The revenues received from the \$20.00 vehicle license fee shall only be expended on transportation projects approved by the TBD Board.

#### How much money could be raised from Moses Lake's vehicle license fees?

Numbers received from WA State Department of Licensing estimates that the \$20.00 vehicle license fee will generate \$333,669.60 annually to help maintain the City's transportation system. This additional revenue received would help alleviate the street project backlog the City is currently facing.

Street Construction		Revenue
Current Annual Budget		\$1,093,949.36
Add \$20.00 Vehicle License Tab Fee	Net Potential Annual Collection	+ \$333,669.60
Total Potential Annual Budget		\$1,427,618.96
Total Amount of Unfunded Street Projects (Deferred)		\$13,400,000.00





## Does the \$20.00 vehicle license fee apply to all vehicles registered in Moses Lake?

No, the \$20.00 vehicle license fees applies to registered owners who live in the corporate limits (city limits) of the City of Moses Lake.

**Vehicles subject to the fee include, but are not limited to** – passenger vehicles, trucks that weigh 6,000 pounds or less, motorcycles, commercial passenger vehicles, commercial trailers, travel trailers, tow trucks and taxicabs.

**Vehicles exempt from the license tab fee include, but are not limited to** – all farm vehicles, campers, off-road vehicles, snowmobiles, mopeds, personal use trailers with a single axle and less than 2,000 pounds scale weight, government vehicles, and vehicles properly registered to Disabled American Veterans.

For more information on exemptions, please see RCW 82.80.140. Vehicles subject to fees can be found on the WA Department of Licensing website at <http://www.dol.wa.gov/vehicleregistration/localfees.html>.

## Cost of Road Maintenance versus Road Reconstruction

Road Maintenance		VS.	Road Reconstruction	
Method	Cost per Lane Mile		Method	Cost per Lane Mile
Crack Sealing	\$1,950		Overlay (2 inch)	\$150,000
Seal Coat	\$17,600		Reconstruction	\$500,000

Current funding can't keep up with the deterioration of our city streets, so implementing the vehicle license fee as additional revenue for road maintenance, would help with our transportation system. The more we defer the road maintenance the sooner we would be forced to reconstruct the streets. As stated above, the cost is significantly larger per lane mile and long term street funding is our goal.

## What revenue options does the Moses Lake TBD have?

Excess property taxes (RCW 36.73.060), sales and use taxes (RCW 36.73.040(3) (a)), and vehicle tolls (RCW 36.73.040(3) (d)). Majority of the transportation benefit districts (TBD) are primarily funded through vehicle license fees and/or sales taxes. With a backlog of street projects totaling more than \$13.4 million dollars, the Moses Lake TBD Board may consider sales and use taxes as a revenue option and repeal the \$20.00 vehicle license fee after a period of time. In recent years, with other TBD jurisdictions, the voters approved the proposed TBD sales and use taxes with the belief that all who share their roads would contribute to safer streets in their cities. We hope that Moses Lake and surrounding communities view this revenue option as an investment to better and safer streets here in Moses Lake.

## How much money will be raised with a Retail Sales increase of .1%?

Based on the numbers from the Department of Revenue, DOR estimates that the Retail Sales increase of .1% would potentially generate \$703,881.13 annually to help maintain the City's transportation system.

Street Construction		Revenue
Current Annual Budget		\$1,093,949.36
<b>Add Retail Sales Increase of .1%</b>		<b>+ \$703,881.13</b>
Total Potential Annual Budget		\$1,797,830.49
<b>Total Amount of Unfunded Street Projects (Deferred)</b>		<b>\$13,400,000.00</b>

## For more information and answers to your questions, please contact us at:

Email us at [mlstreets@cityofml.com](mailto:mlstreets@cityofml.com) or contact the Public Works Department at 509-764-3951. We will do our very best to answer your questions in a timely manner and put you in touch with those who can answer your questions.