Local Government Infrastructure Study

Washington REALTORS®
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The data and policy analysis in this report were prepared by the independent consultants listed above. The policy recommendations in this report were drawn from a variety of sources and reflect additional input and priorities from the Washington Realtors.

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Introduction

Many parts of Washington State face acute shortages of housing. Inventories of existing homes are very low, prices are rising rapidly and builders cannot keep up with demand. As the state's economy begins to pick up steam and Washington again becomes a magnet for people from around the country and around the world, this housing shortage will worsen. The state has not yet fully regained all the jobs lost during the last recession, so the anticipated job growth of the next few years will further strain a housing supply that has clearly not kept up with demand.

The impact of the housing shortage that has been worsening in Central Puget Sound is now being seen elsewhere in the state, as demand from job growth in King, Pierce and Snohomish Counties increasingly drives housing prices in adjacent areas. The Northwest Multiple Listing service reports that, from October 2004 to October 2005, prices increased 38 percent in Kittitas County, 37 percent in Mason County, 35 percent in Cowlitz County and 33 percent in Grays Harbor County. Housing shortages and huge price increases are now statewide problems, and state and local governments must take action to promote an increase in the supply of housing for all types of households and at all price levels sufficient to meet the actual demand created by job growth.

One of the principal roadblocks to expanded housing construction is the lack of infrastructure at the local level. In urbanized areas, where the vast majority of new housing is built, every unit needs to be hooked up to water and sewer service, and road systems need to have the capacity to accommodate new vehicle trips. Stringent regulations require that storm water be collected and drained in ways that protect the state's waterways.

Hanging over the problem of growth is the fact that the infrastructure in the developed areas of the state continues to deteriorate and require repair or replacement. Much of the state's freeway system is reaching the end of its useful life, as illustrated by the Alaskan Way Viaduct in Seattle, and the SR-520 Bridge across Lake Washington. At the local level, streets, sewer lines and storm water lines are collapsing under age and loads they were never meant to carry.

Building and maintaining all of these systems is expensive, and while progress has been made at the state level to increase funding for the highway system, local governments still lack the resources to keep up with demands on their local roads and utilities. Cities, counties and utility districts across the state struggle to keep their systems maintained to acceptable standards and to prevent them from becoming overloaded by growth.

Recognizing that inadequate local infrastructure is hampering the ability of homebuilders to keep up with the state's housing needs, the Washington Association of REALTORS® commissioned this study to gain a better understanding of the infrastructure funding problem and point the way toward remedies. The paper covers the funding situation from both a quantitative and qualitative perspective, and notes ways that various issues can be remedied. As will be seen, good data on the situation is elusive. But as anyone who has watched traffic back up in their local street or faced a failing septic system knows, we have a long way to go to catch up with local infrastructure needs.

Infrastructure and the Growth Management Act

The problem of local infrastructure does not exist in isolation. Rather, it is part of a larger planning and regulatory regime. Within the planning and development regulations of the state, inadequate infrastructure can bring housing construction to a halt, further exacerbating the state's housing shortage.

The Growth Management Act (GMA), enacted in 1990 and 1991, establishes a comprehensive land use planning framework for county and city governments in Washington. Jurisdictions planning under the GMA must adopt internally consistent comprehensive land use plans and must adopt regulations that are consistent with and implement their comprehensive plans. And, significantly, each comprehensive plan must include a capital facilities plan element that forecasts the future needs for capital facilities. A six year funding plan must identify funding sources for all projects in the capital facilities element. In theory, no projects can make it into the capital facilities plan unless funding is identified for them.

The capital facilities element of the comprehensive plan is not just an academic exercise. Through "concurrency" requirements for roads, and the stipulation that each new housing unit must obtain a certificate of water availability, the GMA authorizes local governments to halt or slow growth if infrastructure becomes overburdened. Concurrency generally requires that roads serving proposed developments be in place at the time of development and must have sufficient capacity to serve the development without decreasing the levels of service below minimum standards adopted in the plan. Similarly, there must be sufficient water supply to serve new homes before they can be built. If adequate facilities cannot be provided within available revenues, local jurisdictions must respond by slowing growth rates, reducing levels of service or increasing funding sources.

While the GMA is very clear that local governments must provide the infrastructure capacity for growth – whether that growth is infill that requires expansion of existing systems, or new development that requires extensions of those systems – the state has not held up its end. This paper recommends ways that the state can fulfill its obligations to ensure the availability of local infrastructure.

Local infrastructure needs and funding gaps

The first part of this report covers infrastructure needs and funding gaps.

The first challenge to catching up with local infrastructure needs is to figure out just what those needs are and how much money is available to meet them. This process in itself has significant challenges, given that infrastructure is built and maintained by hundreds of jurisdictions, each with its own unique conditions and priorities, and most without staff that can spend time surveying pavement and crunching numbers.

As will be seen below, the state has attempted to measure local infrastructure needs on several occasions and has developed new tools to gather this information. But these studies and tools fall far short of providing an accurate picture of local infrastructure, and the planning process suffers from some internal contradictions that make the data that is gathered less useful.

A further weakness of the data gathering process is that it does not make a clear distinction between the maintenance of existing facilities and projects that will facilitate new development

by rebuilding and adding capacity to outmoded facilities or extending systems into new development areas. Because so much infrastructure requires major maintenance, all available funding could be spent on worthwhile projects without ever getting around to meeting the needs of infill development and new growth. To get an accurate picture of funding gaps, needs assessments should distinguish between maintenance of existing capacity and addition of new capacity.

Funding sources

The second part of this paper looks at the various sources of funding for local infrastructure.

Local governments are all creatures of state government, and can only use taxes and other revenues sources that the state authorizes. Moreover, most local taxes are capped by the state and many can only be raised through ballot measures. The most important source of infrastructure coming directly from the state – the motor fuel tax distribution – cannot be increased by local governments. At the same time that the largest revenue sources for local infrastructure are constrained, the state does offer a bewildering array of financial assistance programs targeted at specific problems or types of jurisdictions.

The paper describes the mechanics of how many of these tax and revenue systems work, highlighting the challenges local governments face trying to use them. Many of these revenue sources are appropriate for funding local infrastructure but are underused for a variety of reasons. The paper suggests ways these mechanisms could be improved to make them more useful to local governments and more acceptable to tax and rate-payers.

Looking over the horizon

Infrastructure represents a long-term commitment of a community to its future. After all, roads and utilities should have a lifespan of 50 to 100 years. It is far better in the long run to overbuild infrastructure capacity and allow growth to gradually absorb that capacity. But with maintenance taking up so much of the funding capacity, and with political pressures demanding solutions to today's pothole, such long-term thinking becomes very difficult.

It does not help that planning processes look out no more than six years and must be based on existing revenue sources. How, one might ask, can a 20-year comprehensive plan have much meaning when the infrastructure plan that supports it looks out only six years? Keeping infrastructure planning on a short leash helps prevent pie-in-the-sky expectations, but it also makes long range planning for housing and economic development nearly impossible. Developers cannot plan future housing and commercial developments when they have no idea if infrastructure will be extended to serve those developments.

One way to get beyond the focus on the present is to begin using revenues that come from growth to pay for infrastructure capacity. Funding sources such as sales tax on new construction, or sales tax on fixtures for new commercial buildings could be dedicated to funding the infrastructure capacity those new homes and businesses need. Growth can easily pay for itself, if the tax and fee revenue coming from that growth is used for infrastructure projects necessary to accommodate growth.

A better system

In short, this paper argues that local infrastructure planning and funding must be improved if the state is to address its critical shortage of housing, as well as ensuring economic vitality and the ability to retain and create jobs. The environment for local infrastructure needs:

- A stronger commitment from the state to back up its GMA requirements with infrastructure funding
- Better data on needs and revenues
- A focus on new capacity and system expansion, as distinct from maintenance
- More broad-based, stable local funding tools to choose from
- A better match between the timeframes used in comprehensive planning and those used in infrastructure planning and funding

Washington State will continue to grow, as its robust economy and high quality of life attract new residents. For the state to grow in a way that allows all residents to live in housing that meets their needs and budgets, will require a much improved system of building and maintaining local roads and utilities. This paper points the way to improvement.

Part I: Assessing needs and resources

The term "growth management" has become so common that it is easy to forget that it really suggests that we should attempt to "manage" the evolution of communities, cities and regions in the state. A key part of any management structure is information: data that provides guidance about how systems are working and where they need adjustment. Growth cannot be managed without adequate information, including data about the performance and development of infrastructure. Such information exists for state systems, and exists to varying degrees at the local level, but there is a need for improved information about the aggregate of local infrastructure needs and plans.

Local infrastructure studies

Periodically Washington State conducts an assessment of local government infrastructure needs. The types of infrastructure included in these reports are typically limited to roads, bridges, domestic water, sewer and storm water. Such state assessments were done in 1983, 1988, 1995 and 1998.

The principal purpose of the 1998 study was to determine the infrastructure needs of local governments in relation to their ability to fund their needs.[1] This was a comprehensive study costing $750,000 involving a large number of participants including various local government associations, private industry, various state agencies and four consulting firms. The study found that total 1998-2003 local infrastructure funding needs were $8.16 billion and that estimated revenues were $5.11 billion. The resulting funding gap was at least $3.05 billion or about 38 percent of the need.

The 1998 study also reviewed the capital facilities plans and planning processes of local jurisdictions and suggested methods for improving them. It stressed the need to create a Decision Support System that could enable state and local policy-makers and the private sector to monitor and compare infrastructure needs, resources, and the gap between the two on an ongoing basis.

The 2002 Legislature directed the Public Works Board to provide a follow-up to the 1998 study by reevaluating existing infrastructure funding sources available for local government infrastructure needs (Capital Budget, Section 305). The study was to include a listing and description of all state authorized funding options, the extent to which the resources were utilized, and how they could be used more effectively.

The Public Works Board responded by publishing a January 2003 report, *Section 305 Infrastructure Financing Sources* (305 Report). This report identified the various local revenue sources for infrastructure, the extent of their use, barriers to their use and suggestions to reduce the barriers. Following the 1998 and 2003 reports, the legislature took action to reduce some of the barriers identified in the report and enacted some additional local government funding options and structures.

[1] Washington State Public Works Board, Olympia, *Local Government Infrastructure Study*, 1999.

Updating the 1998 study and the 2003 "305 Report"
The 1998 Infrastructure Study provided valuable information about the local infrastructure projects planned for the six year period of 1998-2003, addressed the adequacy of total available resources to fund the projects, and confirmed that a significant gap in resources existed. The study was not able to address the degree to which local governments were using existing options to fund critical public works projects. Nor was it able to identify the barriers local governments faced in taking advantage of the options.

The 2003 *305 Report* was designed to address many of the unanswered questions and to evaluate existing revenue options. Several years have passed since the *305 Report* was issued such that the report is no longer current in terms of revenues, legislative actions, initiatives adopted by the people and new fiscal information.

The 1998 study covered infrastructure data and funding gaps for 1998-2003. Much of that information is no longer current and local governments are in the next six year plan cycle of 2004-09. The state has not initiated an infrastructure funding study covering the 2004-09 infrastructure planning cycle such that state level information is lacking. Since changes in infrastructure funding may be under consideration in upcoming legislative sessions, the Washington REALTORS® commissioned this study in an effort to provide updated information and to put forth various recommendations.

The challenge of finding complete and accurate data on local infrastructure
Today, as in 1998, the primary sources of data identifying local government capital facilities needs are the six year capital facilities plans (CFPs) and transportation improvement programs (TIPs). Development of these six year plans is required of local jurisdictions subject to the GMA, which in 2004 included 29 of the state's 39 counties and 240 of its 281 cities. The GMA requires that projects listed in the six year plans have specific identified funding sources. Should sufficient funding capacity not exist for projects included in the plan of a local jurisdiction, then it must reduce the rate of growth, increase revenues, or change its level of service standards. Consequently, the resulting CFPs and TIPs are "financially constrained" in that they are supposed to reflect proposed infrastructure improvements having specific funding sources identified for each project.

In 1998, part of the difficulty encountered in aggregating data for the study was the lack of consistency in CFP preparation among jurisdictions. To address this, it was recommended that the Department of Community, Trade and Economic Development (CTED) create a uniform capital facilities plan template. To identify funding gaps, it was recommended that the template allow reporting of all the infrastructure needs by allowing inclusion of projects with and without identified funding sources.

CTED has developed a template and has tested it for a number of years in some small cities throughout the state. The template is accessible for local government use as a webpage entry document to jurisdictions that have been trained in its use. Training in using the template began in 2005 and 30 of the state's 629 jurisdictions have received training so far. Priority for training is given to cities and towns with a population of less than 5,000 and counties of less than 50,000.

Another challenge in determining the funding gap encountered in 1998 and in previous infrastructure studies was that there was no one place where the data could be found. Although

the necessary data was included in the CFPs and TIPs of almost 500 jurisdictions, extracting the data required studying each plan and entering the data in a database. To preclude the need for more expensive infrastructure studies that generate static reports on local needs and funding gaps that soon become outdated, the Infrastructure Assistance Coordinating Council has started a project to develop a web-based inventory system capable of providing current information of the local needs and resources for 25 types of infrastructure.[2] The inventory, combined with the 305 Report that evaluated available revenue options, was intended to provide up-to-date information for policy makers on the infrastructure needs and resources of local governments. The project to create an infrastructure needs inventory is called Local Infrastructure Needs Assessment System (LINAS).

As of November 2005, the LINAS database included CFPs from 313 of 629 jurisdictions covering about 86 percent of the state's population for various types of infrastructure derived from CFPs. At this point, it does not include road and bridge data from TIPs. This is a significant omission since local roads and bridges accounted for 45 percent of the local infrastructure needs for the five infrastructure types from 1998-2004 and indications are that it has grown to 67 percent of total needs in 2004-09. Accurate data on roads and bridges is especially critical since lack of capacity has the potential to trigger growth controls based on concurrency.

TIPs have not been incorporated in LINAS primarily due to software differences between the state Department of Transportation (WSDOT) and the Public Works Board and the lack of resources committed by the state to accomplish the task. As a result, LINAS as of November 2005 lacked information from more than half of the jurisdictions for CFPs and about 60 percent of the local infrastructure needs contained in TIPs. The considerable efforts of the various agencies involved in assembling data bases have rendered determination of the funding gap less of a challenge now than in 1998. But, the goal of having a system capable of providing current information to policymakers without requiring expensive infrastructure studies has not been reached in 2005.

The problems of lack of data, data consistency and quality were reported in the 1998 study. The study also found that a quantitative analysis of unconstrained needs from a survey of CFPs was not possible, since CFPs show only six year constrained need and not the full range of projects truly needed to accommodate growth that communities may have identified. It was noted that additional needs beyond those reported in the jurisdictions' fiscally constrained plans often existed, but they were not published in the plans and were not prioritized for funding.[3] Virtually the same problems were encountered in trying to estimate the 2004-09 funding gap that is discussed in the next section. In order to establish a clearer picture, it may be necessary to define and identify "basic services" needed to accommodate growth, and coordinate projects with CFPs and TIPs.

[2] The IACC is a nonprofit organization that has been in existence for more than 16 year. Its membership is composed of staff from state and federal agencies, local government associations, nonprofit technical assistance firms, tribes and universities.

[3] Public Works Board, 1999 Study, 52.

2004-2009 infrastructure needs and funding gap

The 1998 study and the 2003 Section 305 study both showed significant gaps between local infrastructure needs and identified revenues. The needs and revenue pictures both keep changing, and new data is continually added to the databases, so an update to the infrastructure funding picture is needed. As just described, the data is still sketchy, so although the description below might suggest a substantial degree of accuracy about needs and funding gaps, the statewide infrastructure funding picture remains cloudy.

Data sources for estimating 2004-09 infrastructure needs and funding gap

Most of the data used to estimate the 2004-09 funding gap is contained in Appendix D. Sources for the data included:

- Capital Facilities Plans (CFPs) 2004-2009 data from the LINAS database obtained from the Public Works Board. The LINAS figures were adjusted to account for water and sewer projects in Seattle not listed in LINAS. Because LINAS is known to be incomplete, both needs and gaps are larger than shown.
- City Transportation Improvement Programs (TIPs) obtained from the Association of Washington Cities. This was drawn from the 2004-2009 TIP database maintained by the Transportation Improvement Board.
- County TIP data derived primarily from the Transportation Improvement Board database for 2004-09. Data for 10 counties not incorporated in the Board's database was compiled from 2004-09 county TIPs submitted to WSDOT. The data was added in a highly summary fashion (i.e. total project costs, sorted into projects with and without specified funding sources). In addition, King County data on unfunded needs readily available in a published 2004 Transportation Needs Report was assimilated.

Initial estimates of infrastructure needs and funding gap

As shown in Figure 1, total 2004-09 needs using the data sources cited above for the five infrastructure types is $15.94 billion. Of that amount $11.95 billion was from identified sources and $3.99 billion was from unspecified sources. The $3.99 billion is the funding gap resulting from use of the cited data sources without further analysis or change.

Figure 1

2004-09 Total Local Infrastructure Needs and Funding Gap

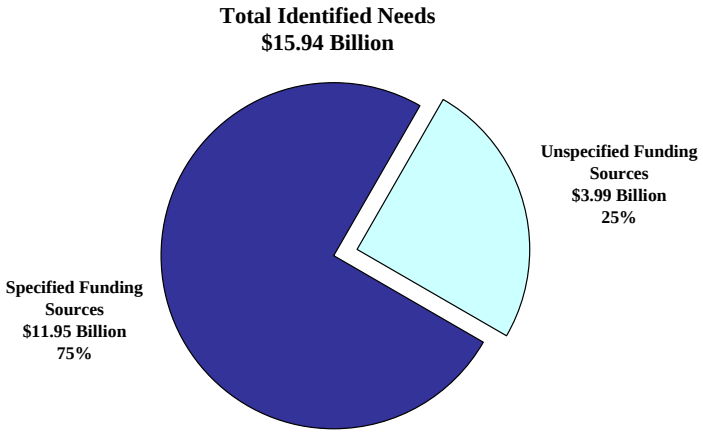


Figure 2 displays the same 2004-2009 data broken out by the five infrastructure types included in this report. Of the $3.99 billion funding gap, 52 percent or $2.07 billion stems from sanitary sewers. Sewers had the largest funding gap at 62 percent of total sewer needs. Roads and bridges accounted for $1.6 billion or 40 percent of the total funding gap.

Figure 2
2004-09 Local Infrastructure Funding Needs and Sources
Dollars in 000s

Type of Facilities	Total Funding Need	Specified State, Federal & Local Sources	Unspecified or Unfunded	Percent Funding Gap
Domestic Water	1,580,593	1,379,879	200,714	13%
Sanitary Sewer	3,360,667	1,292,068	2,068,599	62%
Storm Sewer	355,578	278,677	76,902	22%
Roads/Bridges	10,639,957	8,998,278	1,641,680	15%
Total	**$15,936,797**	**$11,948,902**	**$3,987,894**	**25%**

Figure 3 displays similar data from the 1998 study for 1998-2003. Of the total $3.05 billion funding gap, the largest portion, $1.7 billion or 55 percent was for roads and bridges. Sanitary sewers accounted for $.47 billion or almost 16 percent of the total gap. It appears then that the funding gap for roads and bridges is slightly less in 2004-09 ($1.6 billion) than it was in 1998-2003 ($1.7 billion). And, in terms of changes in funding gap from 1998-2003 to 2004-2009, that of sewers increased from 26 percent to 62 percent while that of roads declined from 41 percent to 15 percent. Reservations about this result are discussed below.

Figure 3
1998-2003 Local Infrastructure Funding Needs and Sources
Dollars in 000s

Type of Facilities	Total Funding Need	Specified State, Federal & Local Sources	Unspecified or Unfunded	Percent Funding Gap
Domestic Water	1,681,644	1,093,402	588,242	35%
Sanitary Sewer	1,820,026	1,343,834	476,192	26%
Storm Sewer	568,428	272,386	296,042	52%
Roads/Bridges	4,089,685	2,399,662	1,690,023	41%
Total	**$8,159,783**	**$5,109,284**	**$3,050,499**	**37%**

Figure 4 displays the funding gap by type of jurisdiction. In 2004-09, counties had 64 percent or $2.55 billion of the $3.99 billion funding gap. Cities had 34 percent or $1.36 billion of the total gap.

Figure 4
Infrastructure Funding Summary by Type of Jurisdiction: 2004-09
Dollars in 000s

	Cities	Counties	Water/Sewer Districts	Port Districts	PUDs	Indian Tribes	Total
Funding Needs	$10,934,916	$4,574,452	$213,083	$51,351	$141,530	$21,465	$15,936,797
Funding Identified	$9,575,189	$2,022,046	$185,488	$43,578	$101,137	$21,465	$11,948,902
Funding Gap	$1,359,727	$2,552,407	$27,595	$7,773	$40,393	$0	$3,987,894
Funding Gap %	12%	56%	13%	15%	29%	0%	25%

Figure 5 displays data from the 1998 Study for 1998-2003. The 1998 Study did not include Port Districts or Indian Tribes, otherwise the data is similar. The most striking differences between the 2004-09 data and the 1998-2003 data are that cities are reporting substantially more activity, both in terms of needs and identified funds, with the funding gap falling from 47 percent to 12 percent. Counties are also reporting higher activity, with the funding gap increasing from 23 percent to 56 percent.

Figure 5
Infrastructure Funding Summary by Type of Jurisdiction: 1998-2003
Dollars in 000s

	Cities	Counties	Water/Sewer Districts	PUDs	Total
Funding Needs	$4,810,091	$2,893,120	$368,590	$87,982	$8,159,783
Funding Identified	$2,538,827	$2,240,403	$255,825	$74,229	$5,109,284
Funding Gap	$2,271,264	$652,717	$112,765	$13,753	$3,050,499
Funding Gap %	47%	23%	31%	16%	37%

Reservations concerning estimated infrastructure needs and funding gaps
Several issues emerge from making these comparisons across time periods. Has the funding picture really changed so radically in just six years, or are there data problems, or is there something about how CFP and TIP data are reported? In particular, what accounts for the large increase in the funding gap for sewers and for counties? Secondly, what accounts for the large decline in the funding gap of cities and that of streets roads and bridges?

First, addressing the change in the funding gap for sewers and for counties, it appears that $1.7 billion of the $2.1 billion sewer funding gap is due to King County and probably associated with the Brightwater Project. Peeking into the future, the 2006 King County Capital Improvement Program shows that the cost of their wastewater projects are being funded from specified sources, that is revenue bonds supported by rates and charges. In contrast, the initial needs and funding gap cited above rely on LINAS (shown in Appendix D) which indicates that the King County data therein is "best estimate". Most probably the next version of LINAS will show the Brightwater project as having specified funding. Adjusting for this would reduce the funding gap shown in Figures 2 and 4 for counties and for sewers by $1.7 billion.

Partially offsetting the potential $1.7 billion reduction in the funding gap for counties and sewers are estimates contained in the State of the Cities Report (2005) issued by the Association of Washington Cities (AWC).[4] Estimated 2004-09 funding needs cited in the report for all cities for

[4] Association of Washington Cities, *State of the Cities Report*, 2005

Domestic, Sanitary and Storm Water are $3.24 billion. This exceeds the $2.45 billion incorporated in Figures 1, 2 and 4 by $.79 billion.

As previously mentioned, the LINAS database is incomplete in that many jurisdictions are missing. CFPs of only 10 of 39 counties are included and it is probable that adding data from the missing 29 counties would increase the funding gap for domestic water, sewer water, and storm water. The extent to which this might offset a $1.7 billion reduction in the funding gap is not known.

Concerning the second issue, the apparent decline in the funding gap from 1998-2003 to 2004-2009 for cities and roads, streets and bridges, it appears that some jurisdictions, particularly cities, may have been overly optimistic about receipt of state and federal grants in their 2004-09 TIPs. If so, this could mask their actual funding gap. Figures 1, 2, and 4 above are based on the city TIP data shown in Appendix D, resulting in a funding gap of $959 million for streets/roads and bridges. The AWC report, rather than using the city TIPs to calculate the funding gap, used the total project costs from the 2004-2009 TIPs, and revenue and average capital project expenditures for three years, 2000, 2001 and 2002 projected out to estimate the TIP funding gap.[5] Their calculation method yields a funding gap of $3.41 billion for roads, streets and bridges which is almost $2.5 billion higher than the $959 million cited above. The AWC funding gap estimate would increase the total funding gap to $4.6 billion for 2004-09 and bring the cities funding gap more in line with the percentages reported in 1998-2003.

Is there some motivation for jurisdictions to be overly optimistic about funding sources? And, is there any mechanism to prevent that from happening? Apparently no state agency is empowered to make judgments about the infrastructure sources cited by jurisdictions. No state agency is charged with ensuring that the sum of state and federal grants contained in CFPs and TIPs is not greater than what is expected to be reasonably available from state and federal sources. Further, this could be an impossible task since it is not known beforehand which entities will be receiving the available grants and loans in the future. As to motivation, in order for a project to be considered for a grant or loan, it must in most instances be included in a CFP or TIP. But, to be included in a TIP or CFP, a project is supposed to have identified funding. This is a huge Catch 22, since a project not having identified funding should not be included in a CFP or TIP. But, if it is not included, then it is not eligible for a grant or loan.

The potential range of actual needs and funding gaps

In summary, there are questions about the data contained in LINAS and in WSDOT databases from CFPs and TIPs. The databases do not include all jurisdictions since a number of jurisdictions had not submitted their CFPs for 2004-09 as of November 2005. Some of the submitted CFPs were preliminary or best estimate data and changes are expected in 2006 when the CFPs for 2004-09 are finalized by local governments. The state agencies involved in creating the databases caution that the data was loaded as received in most cases unless there was an obvious error.

Clearly jurisdictions were inconsistent in including or excluding projects without identified funding. However, had all jurisdictions strictly adhered to the rule and only shown projects with identified funding sources, then the funding gap cited above would be a complete unknown. That

[5] Association of Washington Cities, *State of the Cities Report*, 2005.

there are data problems and concerns is not new. The 1998 Study made various recommendations concerning improved data quality, creation of a state data base, a uniform capital facility plan template and other related matters. While some progress has been made, it has not been sufficient to eliminate concerns about the validity of the data.

Taking into account that CFPs and TIPs are resource constrained to a large degree, that some jurisdictions may have been too optimistic about receipt of state and federal loans and grants, and that data from many jurisdictions is missing, total infrastructure project needs probably exceed the $3.99 billion shown in Figures 1,2 and 4 above. Making adjustments for the Brightwater plant in King County and incorporating the AWC estimates of needs and funding gaps for transportation and water related infrastructure, total infrastructure needs for 2004-09 range from $15.94 billion to $17.48 billion. The funding gap ranges from $2.29 billion to $5.53 billion.

Part II: Funding Local Infrastructure

This part of the report covers funding options that are under the direct control of local governments, such as levying taxes, imposing fees and setting rates. Use of these options, and the conditions and limits on their use primarily rest in state law and may be further defined through local ordinances.

Also included are state grant programs available to but not controlled by local governments. They are included in this report precisely because they are controlled by the state, can be modified by the state legislature, and constitute significant revenue sources for local government projects. Not included in this report are federal grant and loan programs that are not controlled by the state or local governments.

Local government debt, either in the form of state loan programs, local bond issuances or loans from federal or state programs, are not considered a local government revenue source since debt issuance is a tool that allows local governments to undertake projects sooner rather than later and requires a local revenue stream to discharge the debt.

Resources available to local governments

Appendix A lists local tax revenue resources available to local governments. Appendix C lists the major state grant programs and is provided as a reference guide and not as a definitive list of all available grant and loan resources. A website containing a complete listing of all state and federal grant and loan sources can be found at http://www.infrafunding.wa.gov/ . This website is maintained by the Infrastructure Assistance Coordinating Council (IACC).

Under the GMA, jurisdictions must respond to funding gaps in one of three ways: denying permits for commercial or residential development, increasing revenues, or reducing levels of service. This section concerns one of the three potential responses to funding gaps, that of increasing funding sources for infrastructure purposes.

Local infrastructure funding sources consist of local tax revenues, state and federal grants and state and federal loans and issuance of local debt. As previously indicated, this report concerns revenue sources that are under the control of state and local governments and thus excludes federal sources. Also, local debt issuance and state loans to local governments are excluded since debt must be repaid from local tax sources.

Summaries of Appendixes A and C are provided in the next sections of the report. Appendix B relates to structural funding options available to local governments primarily concerning debt.

Local Revenue Sources

Figure 6 provides a summary of Appendix A and shows the various local tax sources, amounts generated in 2004, whether the tax requires voter approval and the number of eligible jurisdictions utilizing the tax source. To provide an indicator of utilization of tax sources, the last column of Figure 6 shows the percentage of eligible jurisdictions using the source, if known.

Figure 6

Summary of Appendix A -- Local Revenue Sources

For Roads, Streets and Bridges (includes some Water/Sewer/Storm Water)

Revenue Source	2004 Collections ($ in mill)	Year Authorized	Voter Approval Required?	Number of Eligible Jurisdic.	Number of Jurisdic. Collecting	% of Eligible Using
Developer contributions	**$108.8**	variable	N	320	281	88%
Employer tax- High Capacity Transp. or HOV	$0.0	1990	Y	3	0	0%
Employer tax- Regional Transp. Invest. Dist.	$0.0	2002	Y	3	0	0%
Fuel tax – border city	**$0.1**	1991	Y	6	5	83%
Fuel tax – county option	$0.0	1990	Y	39	0	0%
General fund (Cities and Counties)	**$4,218.6**	variable	N	320	320	100%
Impact Fees (for local transportation)	**$11.8**	1988	N	320	25	8%
Impact Fees (other than transportation)	**$44.9**	1988	N	320	71	22%
Latecomer agreements	unknown	1983	N	320		unknown
Local intergovernmental contributions	unknown	1967	N	320		unknown
MVET – local option	**$0.2**	1990	Y	3	1	33%
Motor Vehicle Fee	$0.0	2005	Y	36	0	0%
Parking Tax - commercial	**$4.9**	1990	N	320	6	2%
Prop assessments – County Road Improv. Dist	unknown	1951	Y	39		unknown
Prop assessments -- Flood Control Zone Dist	unknown	1961	Y			unknown
Property assessments – Transp. Benefit Dist.	unknown	1987	Y	1		unknown
Prop. tax reg. levy - Revenue Limit Override	unknown	2003	Y	320		unknown
Prop tax reg. levy - Flood Control Zone Dist	unknown	1961	N			unknown
Property tax regular levies – Port Districts	**$72.3**	1911	N	76	73	96%
Property tax regular levies – Road Districts	**$339.9**	1937	N	39	39	100%
Prop tax special levies -- Flood Control Dist	**$0.1**	1907	Y		1	unknown
Prop tax spec. levy -- Flood Control Zone Dist	unknown	1961	Y			unknown
Prop tx. sp. levy–Intercounty Flood Cont.Dist	$0.0	1913	Y			unknown
Prop tax special levies – Road and Bridge Dist	$0.0	1983	Y			unknown
Prop tax special levies – Transp. Benefit Dist	**$0.3**	1987	Y		2	unknown
Real estate excise tax, 1st 1/4%	**$150.2**	1982	N	320	304	95%
Real estate excise tax, 2nd 1/4%	**$120.5**	1990	N	269	141	52%
Rural county sales/use tax credit	**$17.0**	1997	N	32	32	100%
Sales & Use Tax - Reg. Transp. Invest. Dist	$0.0	2002	Y	3	0	0%
Sales & Use Tax - Transportation Benefit Dist	$0.0	2005	Y	36	0	0%
SEPA Mitigation Fees	**$1.3**	1971	N	320	16	5%
Street utility	$0.0	2000	N	281	0	0%
Tax increment (TIF)	$0.0	2001	N	320	0	0%
Tolls	$0.0	2002	Y	1	0	0%

For Water, Sewer and Storm Water (includes some Road/Street/Bridges)

Revenue Source	2003 Collections ($ in mill)	Year Authorized	Voter Approval Required?	Number of Eligible Jurisdic.	Number of Jurisdic. Collecting	% of Eligible Using
Developer contributions	**$108.8**	variable	N	320	281	88%
Latecomer agreements	unknown	1983	N			unknown
Local integovernmental contributions	unknown	1967	N			unknown
Property assess. - Flood Control Zone Dist.	unknown	1961	Y			unknown
Prop assessments – Irrigation Districts	unknown	1889	Y	97		unknown
Property assessments - Lake Mgmt. Districts	unknown	1985	Y			unknown
Property assess. - Public Utility Districts	**$2.4**	1931	N	28	4	14%
Property assessments - Water-Sewer Districts	unknown	1913	Y			unknown
Prop. tax reg. levy - Revenue Limit Override	unknown	2003	Y	320		unknown
Rates and Charges	unknown	variable	N			unknown
Real Estate Excise Tax, 1st 1/4%	**$150.2**	1982	N	320	304	95%
Real estate excise tax, 2nd 1/4%	**$120.5**	1990	N	269	141	52%
Rent and Other Non-related revenues	unknown	variable	N			unknown
System Dev/Facilities-- charges/connec. fees	unknown	1959	N			unknown

In terms of revenue generating capacity, probably the largest underutilized tax source is the property tax revenue limit override by which cities and counties can avoid the 1 percent property tax revenue growth limitation if approved by a majority vote. Other sources with large revenue potential that remain largely untapped are the local option taxing powers granted to transportation benefit districts and regional transportation investment districts.

Of the revenue sources that are in use, the largest revenue source shown in Figure 6 is the local general fund ($4.218 billion), followed by county road levies ($339.9 million), real estate excise tax ($270.7 million), developer contributions ($108.8 million) and impact fees ($56.7 million). The general fund is listed since cities rely on unrestricted general fund dollars for about two-thirds of city transportation project costs. While the general fund may be used for infrastructure purposes, competition for it is fierce since it can also be used for all other government services and functions.

Utilization of local infrastructure funding sources

The Legislature has authorized numerous funding sources and programs for local infrastructure projects. However, not all funding sources are being fully utilized. The last column of Figure 6 shows that other than general fund sources, regular property taxes, rural sales tax credit against the state tax, the Real Estate Excise tax, and developer contributions, most of the other fund sources available to local governments are not utilized to a large extent.

One piece of information not shown in Figure 6 is when taxes are utilized, determining whether they are fully utilized. Data to capture this information is not generally available for most local sources. Exceptions to this are the property tax and the Real Estate Excise Tax for which the Department of Revenue collects data. The extent to which the property tax is used is discussed in later sections of this report. As to the Real Estate Excise Tax, the first quarter percent of the tax is levied by 267 of 281 eligible cities and 37 of 39 eligible counties. The second quarter percent of the tax is levied by 127 of 240 eligible cities and 14 of 29 eligible counties.

Local governments cite barriers to collection of these taxes as the reason for not utilizing them. Barriers, where applicable, are discussed for each tax in Appendix A and are summarized below. The most common barriers are:

- Voter Approval Requirements (where applicable)
- Opposition to the tax from certain constituencies
- Authority to levy the tax is limited to some jurisdictions
- Difficult or costly to administer the tax
- Statutory, legal or political problems
- The tax base is too small
- The tax is unreliable or volatile

Not all the barriers pertain to each revenue source and some have few or no barriers to full utilization. Figure 7 displays a summary of the barriers by type of revenue source.

Figure 7
Appendix A Summary -- Barriers To Full Utilization of Local Infrastructure Revenue Sources

Revenue Source \ Barrier	Voter Approval Required	Revenue Growth Limit	Not a Reliable Source	Small Tax Base	Opposed By Groups	Limited to Specific Jurisdic.	Costly To Admin.	Statutory or Legal Problem
Developer Contributions			X		X		X	
Employer Tax	X				X	X		
Fuel Tax - Border City	X					X	X	
Fuel Tax - County Option	X				X			
Impact Fees			X		X		X	
Latecomer Agreements							X	
MVET - Local Option	X					X		
Motor Vehicle Fee - TBD	X					X		
Parking Tax - Commercial				X	X	X		
Property Assessments	Sometimes				X			
Property Tax Regular Levy		X				X		
Property Tax Excess Levy	X							
Rates and Charges								
Real Estate Excise Tax			X		X			
Rural County Sales Tax						X		
Sales and Use Tax (RTID)	X					X		
Sales and Use Tax (TBD)	X					X		
SEPA Mitigation Fees			X		X		X	
Street Utility					X	X	X	X
Tax Increment Financing								X
Tolls (RTID)	X				X	X		

Accronyms
TBD - Transportation Benefit District
RTID - Regional Transportation Improvement Districts

In the long run, uneven barriers across resource types can result in over reliance on some tax sources and limited or under utilization of others. For example, annual regular property tax revenue growth is subject to a one percent limit. Lifting the limit requires voter approval. This means that the property tax is not likely to grow as fast as other revenue sources that do not require voter approval, such as the Real Estate Excise Tax, certain city B&O taxes, and rates and charges for storm water, garbage and sewage. From a tax incidence point of view, some general taxes that apply broadly across all economic sectors and the general populace such as the property tax are slowly being replaced by narrower taxes on certain types of activities or by user charges. Suggestions for reducing or eliminating barriers are included in Appendix A.

State grant sources

Figure 8 summarizes state grant sources listed in Appendix C. Also shown, for information purposes, is the Public Works Trust Fund which makes low interest loans.

The largest state grant is State motor fuel tax (commonly known as the “gas tax”) distributions ($208.9 million in FY 2004). The remaining state grant sources, while not large individually, total an estimated $179 million in FY 2006. State grant programs depicted above are fully subscribed with requests for the funds greatly exceeding amounts available. Also shown above for information purposes, although it is a loan and not a grant program, is the Public Works Trust Fund that will provide $203.3 million in loans in FY 2006. In terms of dollar amount, most of the state grant programs shown below are for roads, streets and bridges.

Figure 8

Summary of Appendix C - State Grant Sources For Local Govt. Infrastructure

For Roads and Bridges (includes some storm water)	Amount Distributed $ in Mill	Source of State Funds	Type of Jurisdiction Eligible	Number Eligible	Number Receiving Grants
Arterial Improvement Prog., Transp. Improvement Bd (TIB)	FY 2006 **$31.2**	State Gas Tax	Urban counties and Cities	Unknown	13 cities, 4 counties
Capron refunds	CY 2003 **$8.5**	State Gas Tax, Veh. Lic. Fee	Island Counties and their cities	2 counties 4 cities	2 counties, 4 cities
City Hardship Assistance Program, TIB	FY 2004 **$1.5**	State Gas Tax	Cities of less than 15,000	240	2 cities
Community Economic Revitalization Board, CERB, Traditional Construction and Rural Construction Programs	FY 2004 **$8.7** Loans & Grants	Pub. Works Assist. Acct.	Rural Counties & Rural Natural Resource Impact Areas	Unknown	19
Community Economic Revitalization Board, CERB, Job Development Fund	FY 2007 **$50.0**	Pub. Works Assist. Acct.	Rural Counties & Rural Distressed Areas	Unknown	14
County Arterial Preserv. Prog., County Rd. Admin Board (CRAB)	FY 2006 Est. **$14.0**	State Gas Tax	Counties	39	39
Fuel tax – distribution from state	CY 2004 **$208.9**	State Gas Tax	Counties and Cities/Towns	340	340
Flood Control Assistance Acct. Prog., WA Dept of Ecology	FY 2006 **$0.95**	State Bond Funds	Certain Counties and Cities	Unknown	17 counties, 9 Cities
Rural Arterial Program, CRAB	FY 2006 **$19.5**	State Gas Tax	Counties	39	39 (depends on projects)
Small City Pedestrian Safety and Mobility Program, TIB	FY 2006 **$1.1**	State Gas Tax	Cities of less than 5,000 pop.		9
Small City Program, TIB	FY 2006 **$8.2**	State Gas Tax	Cities of less than 5,000 pop.		26
Transportation Partnership Program, TIB	FY 2006 **$32.0**	State Gas Tax	Cities greater 5,000 pop. & urban areas		11 cities, 5 counties
Urban Pedestrian Safety and Mobility Program, TIB	FY 2006 **$2.1**	State Gas Tax	Urban & small cities		21 cities

For Water, Sewer and Storm Water	Amount Distributed $ in Mill	Source of State Funds	Type of Jurisdiction Eligible	Number Eligible	Number Receiving Grants
Centennial Clean Water Fund, WA State Dept of Ecology (DOE)	FY 2006 **$20.1**	State Bond Funds and State Toxics Control Acct	Local Govts & Special purpose districts	unknown	33 jurisdictions
Flood Control Assistance Account Program, DOE	FY 2006 $0.95	State Bond Funds	Certain Counties and Cities	unknown	9 cities 17 counties

Major, State Infrastructure Loan Source	Amount Distributed $ in Mill	Source of State Funds	Type of Jurisdiction Eligible	Number Eligible	Number Receiving Loans
Public Works Trust Fund, Public Works Board	FY 2006 $203.3	Real Estate Excise Tax, & various other utility taxes.	Counties, cities and special purpose districts	All	34 cities, 2 counties & 14 special purpose districts

Transportation expenditures and revenues of state, cities, counties and transit districts
Up to this point this report has dealt solely with local infrastructure needs. State transportation expenditures, state loans and federal funds have been excluded. This makes it difficult to get an idea of the magnitude of state transportation expenditures versus local expenditures and the respective contribution from federal funds.

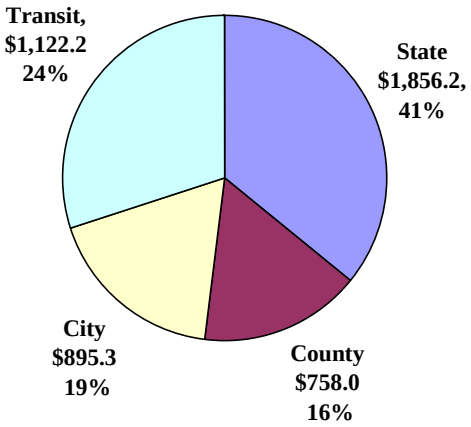
Compiling such information is difficult, but some is available from the Legislative Evaluation and Accountability Program Committee (LEAP) of the legislature. LEAP compiles state and local transportation revenues and expenditures from various sources including Roads and Street Reports that must be submitted to the Department of Federal Highways by various jurisdictions.

The following pie graphs and tables are drawn from LEAP data and compare total transportation revenues and expenditures of the state, cities, counties and transit districts. The $4.86 billion in transportation expenditures in this context is not limited to infrastructure outlays as in previous sections of this report and includes construction and improvement, administration and overhead.

Figure 9 displays the distribution of the $4.86 billion in 2003 transportation expenditures, of which the state accounted for 41 percent, cities 19 percent, counties 16 percent and transit districts 24 percent.

Figure 9

2003 Transportation Expenditures of State, County, City and Transit
Dollars in Millions

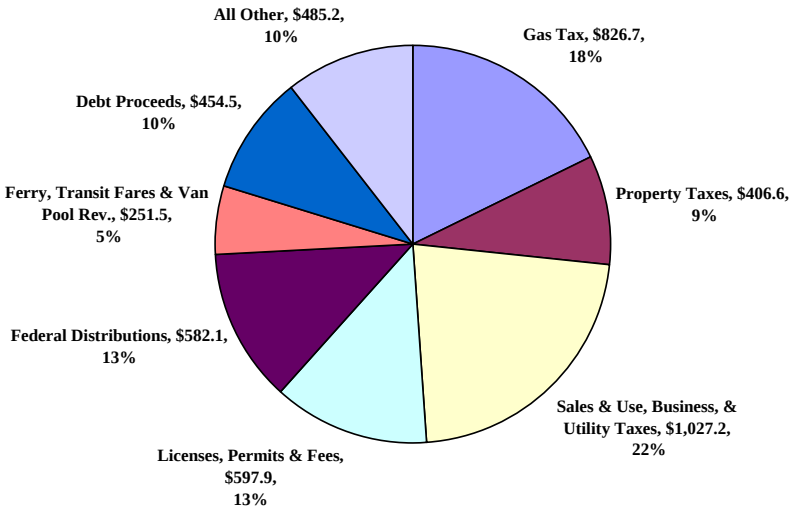


Source: Legislative Evaluation and Accountability Committee, (LEAP)

Figure 10 displays sources of revenues for the expenditures. Of the $4.86 billion expended for transportation, the gas tax accounted for $826.7 million or 17.8 percent of the total, other taxes including sales and property almost $1.5 billion or 31.0 percent and federal distributions $582.1 million or 12.6 percent. Note that expenditures exceeded revenue sources by $224 million.

Figure 10

2003 Transportation Revenue Sources of State, County, City & Transits
Dollars in Millions



Source: Legislative Evaluation and Accountability Committee, (LEAP)

2003 Transportation Revenue Sources
State, City, County and Transit

Revenue Source	$ in Millions	Percent
Gas Tax	$826.7	17.8%
Property Taxes	$406.6	8.8%
Sales & Use, Business, & Utility Taxes	$1,027.2	22.2%
Licenses, Permits & Fees	$597.9	12.9%
Federal Distributions	$582.1	12.6%
Ferry, Transit Fares & Van Pool Rev.	$251.5	5.4%
Debt Proceeds	$454.5	9.8%
All Other	$485.2	10.5%
Total	**$4,631.7**	100.0%

Figure 11 shows total transportation expenditures of counties and cities by category of expenditure. Of the total expenditures, construction, maintenance and preservation accounted for $1.2 billion or 71.1 percent and administration and overhead $474 million or 28.6 percent.

Figure 11
2003 Transportation Expenditures by Category
For Counties and Cities

	$ in Millions	Percent
Highways, Roads and Streets	$1,652.8	99.7%
Construction and Improvement	$697.4	42.1%
Maintenance and Preservation	$481.2	29.0%
Administration and Overhead	$474.2	28.6%
Ferries	$4.7	0.3%
	$1,657.5	100.0%

Figure 12 shows the revenue sources for county and city transportation expenditures.

Figure 12
2003 Transportation Revenue Sources
For Counties and Cities

Revenue Source	$ in Millions	Percent
Gas Tax	$225.4	13.6%
Property Taxes	$406.6	24.6%
Sales & Use, Business, & Utility Taxes	$164.7	10.0%
Licenses, Permits & Fees	$228.3	13.8%
State Distributions	$157.5	9.5%
Federal Distributions	$176.8	10.7%
Ferry Fares	$2.0	0.1%
Debt Proceeds	$53.4	3.2%
All Other	$238.4	14.4%
Total	**$1,653.1**	100.0%

Of the total transportation revenues, state distributions not counting the gas tax amounted to $157.5 million or 9.5 percent and federal distributions contributed $176.8 million or 10.7 percent of total revenues.

The $157.5 million in state distributions were made by a number of state agencies, each having differing priorities as specified by the legislature. Typically local transportation projects are funded from an array of revenue sources. The multitude of sources adds a layer of complexity to the funding of transportation projects and to some of the uncertainty in the numbers contained in TIPs previously alluded to.

Priorities in state transportation grant sources

Figure 13 shows a summary of state transportation grant sources as well as eligibility criteria and priorities and limitations on uses of the funds.

The existence of various state grants carves up eligibility for funds among cities and counties primarily based on population factors, such as cities of under 5,000 in population or over 5,000. Other criteria include counties composed only of islands, or urban areas or rural areas. Each of these distinctions creates pockets of funds available to a narrow set of jurisdictions. In effect it guarantees funding to a particular set of jurisdictions that meet narrowly defined eligibility criteria since it keeps other jurisdictions possibly having greater need for the funds from competing for them. Whether or not this constitutes the most effective use of state grant funds is arguable.

As to priorities for uses of the funds, each grant has differing criteria. Two of the grants, Capron and fuel tax distributions have little restriction in use other than it must be limited to road or street purposes. Other grants require use of the funds for preservation or rehabilitation of streets

or arterials, or for business or job growth, and in some instances the funds can be used for multiple purposes.

Figure 13

State Transportation Grant Programs -- Eligibility Criteria & Priorities of Funds Uses

Program / State Agency	Jurisdictions Eligible	$$ in Mill. per Year	Eligibility Criteria: Pavement Condition	Mobility	Safety	Other	Priorities & Uses of Funds: Reduce Congest.	Improve Safety	Preserv. & Rehab.	Business Growth	Job Growth	Road or Street
Arterial Improvement Program, TIB	Counties with urban areas & cities with over 5000 pop.	$19.6	X	X	X		X	X				
Capron refunds	Counties composed entirely of Islands	$8.5										X
City Hardship Assistance Program, TIB	Cities of under 20,000 and under 15,000 in population	$1.5	X		X	X			X			
Traditional & Rural Const. Progs., CERB	Counties/Cities/Towns primarily rural communities and economically distressed	$8.7								X	X	
Job Devel. Grant Program, CERB	Same as above	$25.0									X	
County Arterial Preserv. Prog. CRAB	Counties	$14.0	X						X			
Fuel tax – state distribution	Cities and Counties	$208.9										X
Rural Arterial Program, CRAB	Counties	$14.5	X	X	X	X			X			
Small City Pedestrian Safety & Mobility Program, TIB	Cities of less than 5,000 pop.	$1.1	X		X	X		X	X			
Small City Program, TIB	Cities of less than 5,000 pop.	$8.2			X	X		X				
Transportation Partnership Prog., TIB	Cities of more than 5,000 population, urban areas within counties and Transp. Benefit Districts	$32.0		X		X	X			X		
Urban Pedestrian Safety and Mobility Program, TIB	Small city and urban agencies	$2.1		X	X			X				

Accronyms

CERB - Community Economic Revitalization Board
CRAB - County Road Administriation Board
TIB - Transportation Improvement Board

The effect of all these restrictions on eligibility and uses of funds not only by the state but also by federal sources is that it requires local jurisdictions to cobble together multiple sources of grants and revenue sources for each project. Multiple programs in many state agencies results in red tape at the state and local level and can require separate state staff for each program that are knowledgeable in each of the programs particular requirements.

The 2005 legislature, as part of ESHB 1903, required the joint legislative audit and review committee (JLARC) to conduct an inventory of all state public infrastructure programs and funds. The inventory is to identify the purposes served by each program, the types of projects supported and their geographic distribution, and gaps and overlaps in types of public infrastructure funding. The inventory must be provided by December 1, 2006. Whether the legislature will consider consolidating some of the programs as a result of this study remains to be seen.

Part III. Infrastructure Funding Solutions

Provision of adequate infrastructure is a critical ingredient in maintaining the growth of our society, our state and local economy and our quality of life. Large steps were taken by the 2005 Legislature and the Governor in approving measures to resolve state and regional transportation infrastructure needs. The continued funding gap at the local level, however, and the consequent building moratoriums in some areas of the state indicate that additional resources are needed to bolster local funding for roads, bridges and sewer/water and storm water systems.

Local Infrastructure Funding

Regular property tax

Most cities use general funds, which often consist mostly of regular property tax revenue, to pay for a portion of their infrastructure needs. The funding strategy of a city capital improvement program will typically consist of a combination of general funds and dedicated funds, such as state fuel tax distributions. Projects that are too big to pay for in one year, but not big enough to warrant a voted bond issue or levy lid lift, may be funded with non-voted "councilmanic" bonds which are paid back with general fund revenues.

Unlike special levies, regular property taxes do not require voter approval. Regular property taxes are, however, capped in two ways. First, as specified in the state constitution, the total levy rate on a property cannot exceed one percent of the property's value, or $10 per $1,000 of assessed value. Second, voters approved a measure to limit the total amount of money collected by a jurisdiction from all existing properties to one percent per year (revenues from new construction can be added on top of the one percent revenue increase).

In order to keep the total tax rate for regular property taxes within the constitutional limit, the Legislature has set property tax rate limitations for individual taxing districts and has established aggregate rate maximums for classes of districts. The state's regular property tax levy rate is limited to a maximum of $3.60 per $1,000 of assessed value. Levies of remaining taxing districts are generally divided into senior and junior taxing districts. Senior taxing districts are cities and counties. Junior taxing districts include library, fire, park and other districts. If the combined rates of the senior and junior taxing districts exceed $5.90, the rates of the junior taxing districts are pro-rated (reduced) first, followed by reductions in the rates of senior taxing districts.

In addition to the senior and junior taxing districts that are within the aggregate $5.90 limit, the legislature has authorized other districts to levy taxes outside the $5.90 limit if their taxes can be squeezed into the overall $10 limit. Districts that are outside of the $5.90 limit are sometimes referred to as junior junior districts and are the first to be pro-rated if necessary. Junior junior districts include taxes to acquire conservation futures and voter approved taxes for emergency medical services, affordable housing, metropolitan park districts and county criminal justice. To this list, the 2005 Legislature authorized fire protection districts to levy an additional 25 cents outside of the $5.90 limit.

Limits on the growth of revenues collected from regular levies have been approved by the voters in 1974, 1997 and 2001. The 2001 measure (Initiative 747), limits the annual growth of taxing district regular levy revenues to one percent or the rate of inflation if less than one percent. For

local governments the one percent revenue growth limit may be overridden if a measure to do so is approved by a majority of the voters. Because assessed values have been growing faster than one percent, the I-747 limit has resulted in a lowering of the state property tax rate. The state levy rate in 2005 is $2.53 per $1000 of actual assessed value which is more than one dollar below the maximum rate of $3.60 per $1000.

A decline in property tax rates has also been occurring in the regular property tax rates of many cities and counties leaving even more leeway under the aggregate $10 per $1000 limit. This leeway presents an opportunity for junior junior taxing districts that had previously been unable to squeeze in their regular levies under the $10 per $1000 limit to step in and take up some of the unused tax capacity. In addition, over the last several years the legislature has considered but not enacted (with one exception for fire districts) other measures increasing the regular property tax authority of various special purpose districts. However, the greater the leeway under the $10 limit, the greater the temptation to tap into it.

In the long run, the effect of I-747 is a tax shift from the senior taxing districts (state, city and counties) to junior junior taxing districts such as emergency medical service districts, hospital, conservation futures, park districts, and fire districts. Use of the additional property tax revenue by these junior junior taxing districts may be very worthwhile, but this same tax capacity could be used by the state, cities and counties for critically needed infrastructure purposes. Legislative measures proposing to divvy some of the regular property tax leeway under the $10 limit to junior junior taxing districts should be considered in the broad context of basic governmental needs and priorities.

The legislature should strongly consider utilizing unused property tax capacity for funding infrastructure projects and resist any further incursions into this tax base. Property tax capacity can be channeled through mechanisms such as road improvement districts, utility improvement districts or transportation benefit districts.

Since the enactment of the one percent cap on property tax revenues, property owners have been, in effect, receiving a tax cut each year, since inflation is well above one percent per year. This will soon amount to about a ten percent tax cut. Local governments facing major infrastructure needs should approach their voters with temporary levy lid lifts to use some of this tax cut to fund major projects. In an environment of tax sensitivity a levy lid lift may be easier to get passed, since it will be of shorter duration than a tax increase to support a bond issue. And, unlike bond issues which need a 60 percent majority, levy lid lifts need only a simple majority.

Another option is to provide local governments with the ability to increase their levy lid up to the implicit price deflator rate in order to fund infrastructure projects necessary to accommodate growth.

Tax increment financing

The availability of infrastructure such as roads, sewer and water determine the degree to which a particular piece of property can be developed and therefore its value. Methods are available to capture a portion of taxes generated by new growth or added value resulting from public improvements which can help pay for the public improvements. The inherent fairness of this mechanism is that those benefiting from a public improvement help pay for it.

One such mechanism is tax increment financing (TIF). It works by taking the difference between a site's pre- and post-development tax revenues for a proposed development and uses that difference in tax revenues to fund the proposed development. An example is a new city park built next to a large vacant lot that induces the lot owner to respond to the new amenity by constructing an apartment building. Under TIF, the increased property tax revenues resulting from the new apartment building help pay for the park. Meanwhile taxes at amounts previously collected on the vacant lot would continue to flow to their usual jurisdictions until the park is paid off. [6] Another example related to economic development (and the creation of jobs) might be vacant land not served by basic infrastructure, but which could easily accommodate manufacturing facilities if the infrastructure were available. The utility systems are constructed based on the commitment of a company to consummate the land purchase and construct the new manufacturing plant on the site if the infrastructure is provided to the edge of the property. Funding for the infrastructure extensions comes from TIF bonds to be repaid with the incremental tax revenues.

Legislative attempts in 2001 to resolve potential constitutional and political objections with TIF have not proven workable. The biggest obstacle is that the 2001 legislation exempted the state property tax and allows a capture of only a portion of the new taxes going to other jurisdictions. TIF has not been viable as drafted because it does not allow capture of sufficient revenue to pay for major improvements. In 2002, the legislature passed legislation authorizing incremental increases in sales and business taxes for capital improvements (HB 2357 and HB 2437). However, these additional funding sources have not been utilized. Local governments should implement TIF not only with the TIF revenues authorized by the state but should supplement them with other local revenue sources in order to garner sufficient revenues necessary to fund infrastructure projects.

The Legislature should consider additional measures to make TIF a more viable option. Other states allow additional revenue sources to be used. The 2005 Legislature considered a measure (SB 5325) to make TIF more viable by among other things, allowing the use of increased state sales tax revenues. The measure was approved by the Senate but did not make it through the House. Enactment of such legislation is essential if TIF is to be used as one of the tools to address critical infrastructure needs of this state.

Given the increasing needs for critical infrastructure funding throughout the state, the legislature should also consider submitting another constitutional amendment to the people authorizing the use of increased state property tax receipts in the mix of taxes that can be used for TIF.

County road tax levy

In calendar year 2004, $9.7 million in revenues from the county road tax was diverted to other uses. Uses of road tax revenues should be limited to capital outlay purposes and not for operating purposes. In addition, eligibility for state transportation improvement grants should be curtailed for counties that divert road tax funds for other purposes.

[6] Washington Research Council, 2005, PB 05-01, *Washington's Infrastructure Needs: Innovative Funding, Financing and Management Tools.*

Sales and use tax for transportation
Regional Transportation Investment Districts (RTID) may levy up to a half percent sales tax if approved by the voters to develop, construct and fund transportation projects needed to increase capacity, reduce congestion and improve safety. Currently, only three counties are eligible to form such districts (King, Pierce and Snohomish). Additional counties should be allowed to form RTIDS, or alternatively, the additional sales tax capacity should be authorized for counties not eligible to form RTIDs in order to provide infrastructure capacity necessary to accommodate growth when faced with growth moratoriums due to GMA concurrency requirements. The RTID grew out of the recognition that state funding will be inadequate to meet the road and highway needs of the rapidly-growing Puget Sound region. The same logic should apply to other fast-growing areas of the state.

User fees and tolls
User fees and charges can be used as a tool to fund public infrastructure such as highways, and bridges by requiring those who use them to help pay for the cost of the facility. One common way to assess the user fees on highways and bridges is to use fares or tolls and dedicate the resulting revenue to paying for the development, construction, and maintenance of these facilities.

The difficulty of collecting tolls and the impediments toll collections can place on traffic flows may have tempered inclinations to extend this authority to additional jurisdictions. However, technology advancements in toll collection such as automated toll collection systems have the potential of reducing collection costs and keeping traffic free flowing.

The only local jurisdiction currently authorized to levy tolls are Regional Transportation Investment Districts (RTIDs), subject to voter approval. Only three counties of the state are currently authorized to form an RTID, (King, Pierce and Snohomish). The legislature should consider extending the authority to levy tolls to additional jurisdictions.

The state should also consider requiring jurisdictions providing water and sewer services to increase user rates sufficient to provide for planned maintenance, improvement and capacity needs prior to providing funding through grants.

Local Option Sales Tax on Gas for Local Road Projects
Counties and cities faced with growth moratoriums due to GMA concurrency requirements should be given the option to levy a sales tax on gas for use on critical transportation projects needed to increase capacity, reduce congestion and avoid moratoriums based on concurrency issues. This would give the jurisdiction the power to impose a tax for the specific purpose of funding the solution to the moratorium.

Voter Approval Requirements
Voter approval requirements for certain taxes should be suspended in order to provide infrastructure capacity necessary to accommodate growth when a jurisdiction is faced with growth moratoriums due to GMA concurrency requirements. This would give the jurisdiction the power to impose a tax for the specific purpose of funding the solution to the moratorium.

City Street Utility Tax

Current law authorizes cities or towns electing to construct, maintain and operate their streets as a separate utility, to levy a tax of up to $2 per employee or residential housing unit to pay for not more than 50 percent of the costs. While street utilities are successfully used in many other states, it has not been used in this state since 1995. The tax was declared invalid in Covell v. Seattle, 127 Wn.2d 874 (1995) because the tax was found to be essentially a property tax. The 17 cities collecting street utility fees at the time repealed their ordinances and Seattle rebated all charges it had collected.

Cities are currently able to use a variety of rate techniques to levy storm water charges and these have been upheld. The current street utility statutes could be amended to make them similar to statutes that allow storm water charges and could turn this into a viable revenue option for transportation projects needed to maintain or improve mobility.

State Options to Support Local Infrastructure Funding

Growth-related tax revenues to fund infrastructure

A number of state tax sources can be attributed to or are affected by development and growth. This includes collections from the state portions of various taxes that are currently deposited into the state's General Fund such as the real estate excise tax, property tax, sales and use tax on construction, and state business and occupation tax.

A portion of the tax revenues that are collected from growth-related projects could be dedicated to form a funding pool for infrastructure projects. For example, a portion of the state real estate excise tax (REET) derived from new home sales could be dedicated specifically to funding capital infrastructure necessary to accommodate growth. Changing the distribution of these state tax resources could be accomplished by changing statutes or as part of the state budget process. Dedicating state tax revenues to growth-related projects could be used to increase the bonding capacity of local governments or to make grants or loans through the Public Works Trust Fund or by creating a new dedicated account such as the Growth Management Infrastructure Account discussed next.

Create the Growth Management Infrastructure Account

For much of the last century, infrastructure development in Washington State consisted mostly of adding systems and capacity to a young and growing state. In the last 30 years or so, the pattern of needs has changed and now increasingly includes maintenance and replacement of worn out and outmoded systems.[7] The result is that capacity additions for growth are receiving lower priority than in the past. Failure to adequately accommodate such needs threatens the future economic growth and vitality of our state.

One approach would be to allow existing state grant and loan infrastructure programs to support growth-related projects that are required to permit growth under the GMA. Another direct approach is to create a specific account called the Growth Management Infrastructure Account, dedicated to providing funding for infrastructure projects necessary to accommodate growth. The account could be capitalized from a combination of sources such as:

[7] Washington Research Council, 2004, PB 04-10, *Washington's Infrastructure Needs: Plans, Funding and Gaps.*

- Revenues attributed to or affected by development and growth such as: the state portions of REET, property tax, sales and use tax on construction and the state B&O tax. If the fund were structured as a low-interest revolving loan program, the size of the fund increases over time with continued tax revenues as jurisdictions begin to repay their loans. Eventually, the fund or account would be less reliant on taxes as loan repayments comprise a larger share of the fund's total revenues.
- To the extent that the annual growth in REET revenues exceeds the state fiscal growth factor used for I-601 purposes, require the excess revenue to be placed in this new account.
- State G.O. bonds. The state, in its capital budget, should consider funding of critically needed projects prior to funding projects that are nice to do but not essential.

City-County Assistance Account directed to infrastructure

The 2005 Legislature, in enacting ESSB 6050, diverted a portion of state Real Estate Excise Tax (REET) proceeds from the Public Works Assistance Account (PWAA) to a newly created City-County Assistance Account. The estimated amount diverted from the PWAA to the new account is approximately $27 million in 2005-07 and is to be distributed to cities and counties according to various specified formulas.

Until enactment of this legislation, use of REET funds placed in the PWAA was limited to infrastructure purposes through low interest loans to local government for roads, bridges, water and waste water systems and solid waste and recycling facilities. Expenditure of funds allocated by the city-county assistance account is not limited to infrastructure purposes which could result in a net reduction of funding dedicated for infrastructure. Use of state REET funds allocated to local governments should be strictly limited to funding capital construction of infrastructure.

Public Works Trust Fund

The Public Works Board should fully utilize all available Public Works Trust funds. In the event that the Legislature finds that the Board has not fully utilized available sources, the legislature should assist the Board to do so. The Legislature should not divert the funds for other purposes and should not co-opt the Board's decision making process by cherry picking a list of projects to be funded. Instead, to the extent such unused capacity exists, the Board should be directed to approve more projects or the unused funds should be dedicated to a newly established Growth Management Infrastructure Account as suggested above.

State capital budget

The State Capital Budget should be used to fund critical infrastructure projects necessary to accommodate growth. For instance, the legislature created the Job Development Fund Program (HB 1903) to provide funding for infrastructure projects that will encourage economic development. However, funds were diverted from the Public Works Trust Fund (PWTF) to the Community Economic Revitalization Board where the Job Development Fund Program was placed. This is equivalent to taking money from one (infrastructure) pocket and putting it in another. The legislature should prioritize proposed capital budget projects and fund the Job Development Program by diverting funds from less critical areas rather than using funds from the PWTF which is already over-subscribed.

Other State Policy Recommendations

Infrastructure investment strategy
The state needs to establish a mechanism to develop a long-term, coordinated, and comprehensive infrastructure investment strategy to ensure that the State of Washington can sustain and enhance both its economic vitality and its cherished quality of life. A vision should be developed for achieving this goal through the Infrastructure Investment Strategy.

Due to limited resources to fund an ever expanding set of needs, the state should ensure efficient use of tax-payer dollars, and determine how to effectively target expenditures for all state programs and projects prioritized to a specified set of criteria, based on a coordinated statewide investment strategy. Infrastructure definitions such as "capital projects," "capital facilities," and "public facilities," should be consistent and criteria established and used for all the state's funding programs.

Consolidate and coordinate infrastructure grants and loans
An array of state and federal funding sources and programs are available for local infrastructure funding particularly for transportation. Jurisdictions typically piece together a patchwork of federal, state and local, grant, and tax and debt sources to fund particular infrastructure projects. Most state grant and loan programs are fully or oversubscribed to a large degree.

Grant applications are judged according to each agency's specific criteria. The larger the number of state grant agencies, the less likely that projects will be considered for funding under uniform criteria such that the most meritorious projects will rise to the top. While the existence of so many different pockets of funding ensures the provision of funding for various specified purposes, projects receiving grants and loans may not be the ones most needed or providing the greatest good. The state should consider simplifying the grant process by reducing the number of grant agencies involved. This could reduce red tape and administrative costs at both state and local levels and increase the efficiency of state grant and loan dollars.

Define "basic service"
The current planning model for compliance with the Growth Management Act in Washington calls for local government to identify the balance between community priorities, regulatory requirements, and available funding. Since community priorities are established by local governments there is no state standard for what constitutes a basic level of service. Therefore comparisons of need for infrastructure across jurisdictions could be like comparing apples and oranges or apples and trees.

One way to establish a more uniform way of determining infrastructure needs and allocating state grants more fairly would be the establishment of a basic level of service. This concept could establish minimum requirements for local governments to qualify for state loan and grant funding and it would serve to identify a local government's basic infrastructure priorities. Establishment of basic service definitions would allow each community to focus on clearly identifying core standards (such as width of streets and sidewalks) prior to addressing other service needs (such as tree planting along a new roadway).

Clearly, defining what is basic or essential versus what is not would not be easy but it could prove to be a useful dialogue about what the essential needs of state and local governments are.

Local Infrastructure Needs Assessment System

The Local Infrastructure Needs Assessment System (LINAS) described in Part I of this report remains incomplete. LINAS presently incorporates data from CFPs but not TIPs, a situation which leaves out a significant portion of local infrastructure needs. TIPs are not included in LINAS because of software differences between the Public Works Board and the Department of Transportation. Reconciliation of the data problems has not taken place due to lack of staff resources to accomplish the task. The state should provide specific funding to complete the LINAS database.

Another database problem concerns the quality of the data submitted by local governments. Some projects included in CFPs and TIPs have identified funding sources. However, as seen in the funding gap described in Part II, many projects without identified funding sources are also included within the six year plans. Furthermore, most jurisdictions have clearly identified needs that are not quite ready to be placed in the CFP or TIP, and therefore cannot be tracked at the state level. If projects without specific identified funding were excluded, data on the funding gap of local governments would be unavailable. Requiring CFPs and TIPs to be resource-constrained is an understandable protection against unrealistic planning, but a method needs to be developed by the state that allows local governments to identify essential projects that do not have identified funding.

The 1998 study recommended that the state develop a capital facilities template that would enable local governments to submit data to the state in a uniform fashion. Such a template has been developed by the state Department of Community, Trade and Economic Development (CTED). In 2005, 30 jurisdictions were trained in the use of the template. The state should increase the number of jurisdictions trained per year. Also, the state should consider requiring use of the template in the future for jurisdictions seeking state grants in order to increase the comparability of projects and data across jurisdictions.

Conclusion

The Growth Management Act requires local governments to keep up with the infrastructure needs of growing cities and counties, but the State has failed to adequately support this mandate. With the concurrency requirements of GMA and the practical considerations of the land development process, lack of local infrastructure inhibits the construction of much-needed housing in the state, leading to housing shortages and rising prices.

Several factors have combined to leave cities, counties and special districts woefully short of the resources they need to meet infrastructure needs:

Shrinking tax bases. Because Initiative 747 holds property tax collections to a level below inflation, local governments have seen the purchasing power of their tax base actually shrink year after year. With fewer general fund resources to support operations, capital budgets will suffer. And while a city or county may be able to keep up with maintenance, it will have little money left over to fund the infrastructure needed for growth.

A second shrinking tax base is the state motor fuel tax. Because the tax is levied on a per-gallon basis, it cannot grow with inflation. Even with the new allocation to cities and counties from the nine-cent fuel tax increase, local governments have seen their transportation revenues shrink in purchasing power over the years.

Playing catch up with past growth. Before growth management required local governments to tie infrastructure to new development, many areas of the state grew rapidly without building adequate infrastructure. Now, local governments find themselves playing catch up by expanding roads and water and sewer systems in already-developed areas that are choking on themselves. With the need to respond to the wishes of current voters, local governments have a difficult time funding infrastructure for the next generation of voters.

Maintenance and upgrades soak up revenue. The first priority of public works agencies is usually to maintain existing infrastructure, and the second priority is to bring existing facilities up to current standards. System expansion often sits in third place in the line for money. With most agencies sitting on a backlog of maintenance and replacement, and with many urban areas still missing storm water systems and sidewalks, less and less money is available to expand systems.

Construction costs rising. Infrastructure has gotten more expensive to build, so the same dollars get fewer miles of road or fewer feet of pipeline. First, construction costs have increased with recent spikes in the price of steel, concrete and aggregate. Second, standards have risen for the quality of construction and the mitigation of environmental impacts.

Aging infrastructure cannot support infill. A central principle of growth management is that new development should take place in areas with existing infrastructure, thereby making the best use of past investments and precluding new investments. It turns out that much of the existing infrastructure in the state is not capable of serving new growth, because it is either undersized, in poor condition, or both. Retrofitting existing infrastructure is not only very expensive, but difficult to fund in an equitable way.

The exact magnitude of the local infrastructure funding problem remains unknown because the systems for gathering data about local infrastructure needs and financial resources are incomplete. Management requires information, and in the case of local growth management planning, information about infrastructure is badly lacking.

The infrastructure needed to support growth management represents a giant unfunded mandate on the part of state government. The GMA requires infrastructure, but the state provides too little money and inadequate mechanisms to raise money locally. The state needs to step up to the responsibility and provide local governments with the means to accommodate growth. The Washington Association of REALTORS ® urges the Legislature to take new policy directions to:

Provide better information. The LINAS system is a good start, but the data gathering and integration problems need to be worked out immediately. All jurisdictions must provide accurate and consistent data and work together to maintain the integrity of the database. The legislature, agencies and the public need accurate information without resorting to expensive snapshot studies. Databases should make clear distinctions between needs for maintenance and preservation, and needs for capacity expansion. Also, the databases should include needs that are known but not yet funded.

Allow growth to pay for itself. Residential and commercial growth generates hundreds of millions of dollars per year in tax and fee revenue, nearly all of which gets swallowed up in state and local general funds. Growth should be allowed to pay for itself, with growth-related revenues set aside for infrastructure needed to support that growth. This can be done through mechanisms such as tax increment financing or through creation of special accounts funded with growth-related revenues.

Increase the direct state commitment to local infrastructure. To its credit, the legislature has raised the fuel tax a total of 14 ½ cents over the past several years, providing major increases to road funding. But out of the 14 ½ cents, only one penny goes to local governments (a half-cent each to cities and counties), with the remainder going to the state highway system. This is not enough, especially when considering the reduction in property tax purchasing power caused by I-747, and the consequent reduction in general funds available for transportation.

Increase capacity on state highways in urban areas. Because the state exempted itself from concurrency requirements, it is not obligated to help cure congestion on state highways that serve as arterials in urbanized areas. The state needs to place a higher priority on expansion of urban highways that serve areas with new housing growth.

Improve existing local financing tools. In 1990, the state authorized five local option transportation taxes but only one of them is currently in use – the commercial parking tax – and only by a few jurisdictions. The others proved either illegal, impractical or politically unpopular. The legislature needs to work with local governments to make the existing set of infrastructure financing tools more viable either through statutory changes or by providing incentives that motivate local governments to make greater use of them. This should include both general revenue-raising sources as well as improved tools such as tax increment

financing and local improvement districts. The RTID is a good start, but substantial local needs exist outside of the Central Puget Sound region, and the RTID tools are not available to those areas.

The recent statewide vote to retain the nine-cent fuel tax increase signals a willingness among Washington voters, especially in the urbanized areas, to pay for essential infrastructure. But it will take much more than the recent fuel tax increase to catch up with maintenance, alleviate congestion and provide for future growth at the local level. It took fifteen years for the legislature to provide a mere one penny per gallon of additional fuel tax for cities and counties. Local governments cannot wait that long for the next round of infrastructure funding help. Without swift action by the legislature to expand local infrastructure funding capacity, our state's housing shortage will only grow worse.

Appendix A - Local Revenue Sources

For Roads/Bridges (includes some Storm Water)

Developer Contributions
Employer Tax - High Capacity Transportation
Employer Tax - High Occupancy Vehicle Lanes
Employer Tax – Regional Transportation Investment Districts
Fuel Tax – Border City
Fuel Tax – County Option
General Fund
Impact Fees
Interest and Reserves – Restricted Infrastructure Revenues
Latecomer Agreements and Assessment Reimbursement Contracts
Local Intergovernmental Contributions
Motor Vehicle Excise Tax – Local Option HOV
Motor Vehicle Excise Tax – Transportation Benefit Districts
Parking Tax - Commercial
Property Assessments – Flood Control Zone Districts
Property Assessments – County Road Improvement Districts
Property Assessments – Transportation Benefit Districts
Property Tax – Regular Levy Revenue Limit Override
Property Tax Regular Levy – Flood Control Zone Districts
Property Tax Regular Levy - Roads
Property Tax Regular Levy – Port Districts
Property Tax Special Levy – Flood Control Districts
Property Tax Special Levy – Flood Control Zone Districts
Property Tax Special Levy – Inter County Flood Control Zone Districts
Property Tax Special Levy – Road and Bridge Districts
Property Tax Special Levy – Transportation Benefit Districts
Real Estate Excise Tax
Sales and Use Tax - Rural County credited against State Sales Tax
Sales and Use Tax – Regional Transportation Improvement District
Sales and Use Tax – Transportation Benefit Districts
SEPA Mitigation Fees
Street Utility Employer of Housing Unit Tax
Tax Increment Financing
Tolls – Regional Transportation Investment District (RTID)

Revenue Source:	**Developer Contributions**
Authorizing Statute:	RCW 35.21.225, 36.73.020, 36.73.120, 82.02.020 Cities, counties, and special purpose districts have this authority. It is dispersed throughout the statutes for city and county transportation benefit districts
Year Authorized:	Variable.
Purpose:	Restricted revenues for all local infrastructure systems.
Provisions:	Private developers can contribute funds for specific local infrastructure projects. Typically done when the project benefits the developer or as a permitting condition.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and all transportation-related special purpose districts.
Number of Jurisdictions Collecting:	CY2004 Counties: 39 Cities: 242 Special Purpose Districts: Number unknown.
Recent State-wide Revenues:	CY2004 (includes revenues used for all five systems (i.e. general fund, special revenue, debt service, capital projects and enterprise, BARS accounts 367.11 and 367.12) Counties: $11.7 million Source: LGFRS Cities: $97.1 million.
Barriers/Limitations to Implementation:	• Not a reliable revenue source since developer contributions are project specific. • Can be costly to administer particularly in smaller jurisdictions due to complex rules, negotiating, and accountability provisions. • Certain interests have historically opposed the implementation of this revenue source.
Suggestions:	None.

Revenue Source:	**Employer Tax – High Capacity Transportation**
Authorizing Statute:	RCW 81.104.150
Year Authorized:	1990.
Available in:	Cities that operate transit systems, county transportation authorities, public transportation benefit areas and regional transit authorities. Available in counties with more than 200,000 population and counties with total population between 125,000 to 200,000. In counties with more than 1 million in population and bordering counties with more than 400,000 or more, the tax may only be imposed by a regional transit authority or a regional transportation investment district.
Purpose:	Restricted revenues for development of high capacity transportation systems
Provisions:	An excise tax of $2 per employee per month, subject to voter approval. If the employer tax and the local MVET are imposed, their total cannot exceed the amount that would be generated by the full, local MVET.
Number of Jurisdictions Eligible:	Counties: 3
Number of Jurisdictions Collecting:	
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Requires voter approval. Businesses with many seasonal and part-time employees may oppose this tax. Only for HOV lanes and related facilities.
Suggestions:	None

Revenue Source:	**Employer Tax – High Occupancy Vehicle Lanes**
Authorizing Statute:	RCW 81.100.030
Year Authorized:	1990.
Available in:	Counties with population of over one million and adjoining counties with population over 210,000.
Purpose:	Restricted revenues for development of and increasing utilization of HOV lanes
Provisions:	A tax of $2 per employee per month, subject to voter approval. If the employer tax and the local MVET are imposed, their total cannot exceed the amount that would be generated by the full, local MVET.
Number of Jurisdictions Eligible:	Counties: 3
Number of Jurisdictions Collecting:	0
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Requires voter approval. Businesses with many seasonal and part-time employees may oppose this tax. Only for HOV lanes and related facilities.
Suggestions:	None

Revenue Source:	**Employer Tax – Regional Transportation Investment Districts**
Authorizing Statute:	RCW 36.120.050
Year Authorized:	2002
Available to:	Counties with population of over 1.5 million and adjoining counties with population over 500,000.
Purpose:	Restricted revenue to develop, construct and finance transportation projects.
Provisions:	A tax of $2 per employee per month, subject to voter approval and only if the county has not imposed the tax. If the employer tax and the local MVET are imposed, their total cannot exceed the amount that would be generated by the full, local MVET.
Number of Jurisdictions Eligible:	Counties: 3
Number of Jurisdictions Collecting:	None
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Requires voter approval. Businesses with many seasonal and part-time employees may oppose this tax. Only for capital improvements to highways designated as highway of statewide significance. Includes adding lanes and associated multimodal capital improvements.
Suggestions:	None

Revenue Source:	**Fuel Tax – Border City**
Authorizing Statute:	RCW 82.47
Year Authorized:	1991.
Available to:	"Border area jurisdictions", defined in RCW 83.47 as being all cities and towns within ten miles of an international border crossing and any transportation benefit district established under RCW 36.73.020, which has within its boundaries an international border crossing.
Purpose:	Restricted revenue for street maintenance and construction.
Provisions:	Up to 1¢ per gallon, subject to voter approval.
Number of Jurisdictions Eligible:	Cities: 5 Special Purpose District (transportation benefit district): 1
Number of Jurisdictions Collecting:	Cities: 3 Counties: 1 Transportation Benefit Districts: 1
Recent State-wide Revenues:	CY2004: Cities: $0.13 million County: $.03 million Transportation Benefit District: $0.03 million Source: DOT & LGFRS
Barriers/Limitations to Implementation:	Local jurisdiction must collect the tax rather than rely on the state to collect it along with the state fuel tax (see discussion under county option fuel tax). Subject to voter approval. Limited to cities and towns within 10 miles of the Canadian border and transportation benefit districts that includes a border crossing.
Suggestions:	None

Revenue Source:	**Fuel Tax – County Option**
Authorizing Statute:	RCW 82.80.010
Year Authorized:	1990.
Available to:	Counties, unless the tax is being levied by a regional transportation district of which they are a member.
Purpose:	Restricted for transportation purposes consistent with the adopted transportation and land use plans of the jurisdiction and consistent with any applicable regional transportation plan for metropolitan planning areas.
Provisions:	10% of the state rate; subject to voter approval.
Number of Jurisdictions Eligible:	Counties: 39
Number of Jurisdictions Collecting:	None
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Requires voter approval. Three attempts overwhelmingly defeated in Snohomish and Spokane counties. Historically, certain interests have opposed implementation. Only counties can initiate the fuel tax and if approved it is imposed in incorporated and unincorporated areas of the county (cities or special districts can not). Default distribution within a county and its cities is based on relative populations with the county population equal to 1.5 times the unincorporated population of the county. The fairness of this is debated because it does not take into consideration the actual use or responsibilities for maintaining the transportation system between the cities and the county. .
Suggestions:	Consider increasing the amount of the state rate that can be levied to make this a more viable option. Consider authorizing cities and other special districts to levy the tax if it is not utilized by their county by a certain date.

Revenue Source:	**General Fund**
Authorizing Statute:	Enabling statutes of cities and counties
Year Authorized:	1889 with adoption of the state constitution
Available to:	Cities and counties
Purpose:	Unrestricted revenues usable for most operating and capital functions of cities and counties
Source:	Various kinds of taxes and fees, depending on the jurisdiction. Generally cities have broader tax authority than counties.
Provisions:	Cities and counties may choose to pay for infrastructure except, water and sewer out of their general funds. General funds are relied upon for many other competing uses.
Number of Jurisdictions Eligible:	All 39 counties and all 281 cities.
Number of Jurisdictions Collecting:	All 39 counties and 281 cities. The Association of Washington cities reports that approximately two thirds of cities' transportation revenues come from general funds. No counties pull from the general fund for roads and bridges because they have a dedicated road fund.
Recent State-wide Revenues:	2004 $4.218 Billion for all counties, cities (Source: LGFRS)
Barriers/Limitations to Implementation:	Repeal of state MVET under I-695 and I-776 eliminating local license fees limited local revenues available for transportation purposes. 1% property tax limit under I-747 is limiting local revenues. Although property tax can be lifted for a six year period, it requires voter approval.
Suggestions:	Consider giving cities and counties broader local option fund authority, both councilmanic and voter-approved.

Revenue Source:	**Impact Fees**
Authorizing Statute:	RCW 82.02.050, RCW 39.92.040, 36.73.120
Year Authorized:	1988, 1990 & 1998.
Available to:	Counties, cities, and transportation benefit districts.
Purpose:	Restricted revenues to ensure that adequate facilities are available to serve new growth and development
Provisions:	RCW 82.02.050. GMA impact fees collected by cities and counties must be used for improvements listed in an adopted capital facilities plan. Impact fees must be reasonably related to the new development and used for facilities benefiting the new development. RCW 39.92.040. Transportation impact fees, reasonably needed as a direct result of a development, may be used for off-site improvements listed in an adopted, comprehensive long-term transportation plan.
Number of Jurisdictions Eligible:	29 counties 218 cities
Number of Jurisdictions Collecting:	<u>CY 2004: Local Transportation Impact Fees</u> Counties: 9-- $6.5 Million Cities: 16 $5.3 Million <u>CY 2004: Other Development Impact Fees</u> Counties: 12-- $15.1 Million Cities: 59-- $29.8 million Special Purpose Districts: Number unknown.
Barriers/Limitations to Implementation:	Imposition of impact fees by Transportation Benefit Districts is subject to voter approval. Dependent upon new development occurring and can be significantly affected by economic trends. Difficult for jurisdictions to collect fees from development outside their boundaries that impacts their system (e.g.: roads & bridges). Certain interests historically have opposed implementation. The building industry states that the impact fees increase the price of housing. Can result in high administrative costs, especially for smaller jurisdictions, due to complex rules, negotiating, and tracking each for case. Time limits in GMA for concurrency can block a project or result in place-holder fixes that are costly and sub-optimal.
Suggestions:	Assemble in one place and clarify all the authorizations for and definitions of items such as developer contributions, impact fees, mitigations fees, system development charges, connection fees, facilities charges, assessment reimbursement contracts, and latecomer agreements.

Revenue Source:	**Interest/Reserves on Restricted Infrastructure Revenues**
Authorizing Statute:	General authorization; no specific statute
Year Authorized:	With the state constitution
Available to:	All local governments having restricted local infrastructure accounts
Provisions:	Interest and reserves generated on specific revenue accounts must be used for the same purposes as the specific account.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and all transportation-related special purpose districts.
Number of Jurisdictions Collecting:	All having cash balances.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	None.
Suggestions:	None.

Revenue Source:	**Latecomer Agreements and Assessment Reimbursement Contracts**
Authorizing Statute:	Chapter 35.72
Year Authorized:	1983.
Available to:	All Cities and Counties.
Provisions:	The legislative authority of a local government may contract with owners of real estate for the construction or improvement of street projects, which the owners elect to install as a result of ordinances that require the projects as a prerequisite to further property development. A local government may join in the financing of improvement projects and may be reimbursed by subsequent owners in the same manner as the owners of real estate who participate in the projects, if the local government has specified the conditions of its participation in an ordinance. Alternatively, a local government may create an assessment reimbursement area on its own initiative, without the participation of a private property owner, finance the costs of the road or street improvements, and become the sole beneficiary of the reimbursements that are contributed.
Purpose:	Like an LID, latecomer agreements provide a method of having property owners help pay for a fair share of improvements they benefit from that were financed by initial property owners.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and transportation-related special purpose districts.
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Limited to specific, development-related projects and their costs. Can result in high administrative costs, especially for smaller jurisdictions, because of complex rules, negotiating, and tracking of each case.
Suggestions:	None.

Revenue Source:	**Local Intergovernmental Contributions**
Authorizing Statute:	Chapter 39.34, Inter-Local Cooperation Act
Year Authorized:	1967
Available to:	All local governments
Provisions:	Local governments can, among other things, contribute funds to other governments' projects (usually when the project benefits both governments).
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and all transportation-related special purpose districts.
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Not broadly applicable.
Suggestions:	None.

Revenue Source:	**MVET – Local Option HOV**
Authorizing Statute:	RCW 81.100.060 & RCW 82.80.100
Year Authorized:	1990 & 2002
Available to:	In counties with more than one million population or adjoining counties with population between 210,000 and one million and regional transportation improvement districts.
Purpose:	Restricted revenue for use consistent with the regional transportation plan for construction of HOV lanes and related facilities.
Provisions:	Up to .3% of vehicle value. If both this tax and the employer tax are imposed, their total cannot exceed amount that would be generated by the full local MVET. Note: another local option is the MVET available to regional transit authorities for high capacity transportation only (HCT as opposed to HOV), which is not considered in the scope of this report's roads and bridges.
Number of Jurisdictions Eligible:	Counties: 3
Number of Jurisdictions Collecting:	1
Recent State-wide Revenues:	CY 2004 $.2 million
Barriers/Limitations to Implementation:	Contingent on voter approval. Limited to HOV lane systems. Applicable to only 3 counties.
Suggestions:	None.

Revenue Source:	**Motor Vehicle Fee (Transportation Benefit District)**
Authorizing Statute:	Chapter 336, Laws of 2005 (SSB 5177)
Year Authorized:	2005
Available to:	All counties except counties with a population of more than 1.5 million and adjoining counties with population exceeding 500,000.
Purpose:	To fund improvements in city streets, county roads and state highways.
Provisions:	Up to $100 fee per vehicle registered in the district. Subject to voter approval.
Number of Jurisdictions Eligible:	36 counties
Number of Jurisdictions Collecting:	None in 2005.
Recent State-wide Revenues:	N/A.
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Parking Tax- Commercial**
Authorizing Statute:	RCW 82.80.030
Year Authorized:	1990.
Available to:	A county or city or transportation benefit districts formed by a city or county except in counties with more than 1.5 million population and adjoining counties with more than 500,000 population.
Purpose:	Restricted revenue for transportation purposes or transportation improvements consistent with any existing state, regional and local transportation plans and necessitated by existing or foreseeable congestion levels (RCW 36.73.020)
Provisions:	Rate is not specified in statute.
Number of Jurisdictions Eligible:	All 39 counties and all 281 cities.
Number of Jurisdictions Collecting:	Cities: 5 Counties: 1
Recent State-wide Revenues:	CY2004: Cities $4.8 million Counties: $.1 million (LGFRS)
Barriers/Limitations to Implementation:	Dependent upon availability of commercial facility with significant parking. Business community's perception is that such a tax would hurt business, by pushing shoppers to go to the next town over. Regional implementation of this tax may overcome this potential problem.
Suggestions:	None

Revenue Source:	**Property Assessments – Flood Control Zone Districts**
Authorizing Statute:	RCW 86.15.160
Year Authorized:	1961.
Purpose:	Flood or storm water control purposes.
Available to:	Flood control zone districts established by counties or by petition and vote.
Provisions:	Project-specific and fixed timeline.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Districts: Unknown
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	
Suggestions:	None

Revenue Source:	**Property Assessments – County Road Improvement Districts**
Authorizing Statute:	Chapter 36.88
Year Authorized:	1951.
Available to:	Counties if established by resolution or by a petition signed by property owners.
Purpose:	Acquisition of rights of way and improvement of county roads and with approval of DOT, state highways.
Provisions:	Assessments based on benefits to property specially benefited for the cost of the improvement.
Number of Jurisdictions Eligible:	Counties: 39
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Must be approved by a majority of landowners within the proposed improvement district. The statute as written is cumbersome to implement and there are limitations on its usefulness.
Suggestions:	Rewrite the statute to streamline and simplify.

Revenue Source:	**Property Assessments – Transportation Benefit Districts**
Authorizing Statute:	RCW 36.73.080
Year Authorized:	1987
Available to:	Can be formed in counties and cities within counties of less than 1.5 million in population and adjoining counties with a population exceeding 500,000.
Provisions:	Project-specific and fixed timeline.
Purpose:	To fund improvements in city streets, county roads and state highways.
Number of Jurisdictions Eligible:	1
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Subject to voter approval if owners of 60% of property affected protest.
Suggestions:	None.

Revenue Source:	**Property Tax Regular Levies – Revenue Limit Override**
Authorizing Statute:	RCW 84.55.050
Year Authorized:	2003
Available to:	Cities and counties
Provisions:	The 1 percent property tax annual revenue growth lid may be lifted for up to six years if a proposal to do so is approved by a majority vote.
Number of Jurisdictions Eligible:	320
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Requires voter approval
Suggestions:	None.

Revenue Source:	**Property Tax Regular Levies – Flood Control Zone Districts**
Authorizing Statute:	RCW 86.15.160(3)
Year Authorized:	1961.
Available to:	Flood control zone districts.
Provisions:	Up to $0.50 per $1,000 AV, when the levy will not take dollar rates that other taxing districts may lawfully claim.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Districts: 2 in CY 2004 (DOR Tax Reference Manual) Rates range from .09/$1000 AV to .24/$1000 AV
Recent State-wide Revenues:	CY 2004 $3.4 million (DOR 2004 Property Tax Statistics)
Barriers/Limitations to Implementation:	Politically difficult to raise property taxes.
Suggestions:	None.

Revenue Source:	**Property Tax Regular Levy - Roads**
Authorizing Statute:	RCW 36.82.040
Year Authorized:	1937
Available to:	Counties
Provisions:	Up to $2.25 per $1,000 AV for county road funds, applied to unincorporated areas only. Road districts are no longer the structure that counties use; instead counties manage their road levies in road funds.
Purpose:	For establishing, laying out, constructing, altering, repairing, improving, and maintaining county roads, bridges, and wharves necessary for vehicle ferriage and for other proper county purposes.
Number of Jurisdictions Eligible:	Counties: 39
Number of Jurisdictions Collecting:	Counties: 39
Recent State-wide Revenues:	CY2004: $339.9 million (DOR 2004 Property Tax Statistics). An additional $9.7 million was diverted to other uses.
Barriers/Limitations to Implementation:	Only 6 counties collect the maximum rate allowed. Due to the limitations of I-747 most counties are likely to be under the regular property tax limit unless voter approval was requested to exceed the limit. In CY 2004, rates in 33 counties ranged from $0.51/$1000 AV to almost $2.25/$1000 AV. Limited to counties and their road districts; not available to cities. As counties face increasing budget shortfalls due to voter-approved Initiatives and other factors, there is greater pressure to divert road taxes from transportation purposes to things like public health and criminal justice.
Suggestions:	Increase fiscal incentives/consequences to counties to apply all road tax revenue to transportation. For instance, in counties diverting road taxes reduce eligibility for state or regional transportation grant opportunities (in addition to current loss of CRAB/RAP eligibility and state gas tax distribution).

Revenue Source:	**Property Tax Regular Levies – Port Districts**
Authorizing Statute:	RCW 53.36.020
Year Authorized:	1911.
Available to:	Port districts.
Provisions:	$0.45 per $1,000 AV for general purposes, including water-sewer and roads accessing the port.
Number of Jurisdictions Eligible:	Port Districts: 76 (WA Port Association)
Number of Jurisdictions Collecting:	Port Districts: 73 (DOR)
Recent State-wide Revenues:	CY2004: $72.3 million in regular levies (DOR 2004 Property Tax Statistics)
Barriers/Limitations to Implementation:	Regular port levies are subject to the one percent property tax increase limitation of I-747.
Suggestions:	None.

Revenue Source:	**Property Tax Special/Excess Levies – Flood Control Districts**
Authorizing Statute:	RCW 86.12.010
Year Authorized:	1907.
Available to:	Flood control districts.
Provisions:	Up to $0.25 per $1,000 AV.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	1
Recent State-wide Revenues:	CY 2004: $138,657 (DOR Property Tax Statistics 2004)
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Property Tax Special/Excess Levies – Flood Control Zone Districts**
Authorizing Statute:	RCW 86.15.160
Year Authorized:	1961.
Available to:	Flood control zone districts.
Provisions:	Up to $0.50 per $1,000 AV.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Districts: 0
Recent State-wide Revenues:	None
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None

Revenue Source:	**Property Tax Special/Excess Levies – Inter-County Flood Control Districts**
Authorizing Statute:	RCW 86.13.010
Year Authorized:	1913.
Available to:	Intercounty flood control districts.
Provisions:	Up to $0.25 per $1,000 AV, and rates can vary among counties within a given district.
Number of Jurisdictions Eligible:	0
Number of Jurisdictions Collecting:	0
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Property Tax Special/Excess Levies – Road And Bridge Districts**
Authorizing Statute:	RCW 36.83.030
Year Authorized:	1983.
Available to:	Road and bridge districts established by counties
Provisions:	No rate specified; either one-year general purpose or multi-year to retire bonds.
Purpose:	Providing and funding capital and maintenance costs for any bridge or road improvement or for providing and funding capital costs for any state highway improvement a county or a road district has the authority to provide
Number of Jurisdictions Eligible:	Counties: 39
Number of Jurisdictions Collecting:	0
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Subject to voter approval. A majority of registered voters within the proposed service district can terminate formation of the district at any time in the process before final establishment.
Suggestions:	None.

Revenue Source:	**Property Tax Special/Excess Levies – Transportation Benefit Districts**
Authorizing Statute:	RCW 36.73.060
Year Authorized:	1987.
Available to:	Transportation benefit districts (TBDs).
Provisions:	No rate specified; either one-year general purpose or multi-year special levy to retire bonds issued for capital purposes only.
Purpose of TBDs:	To fund improvements in city streets, county roads and state highways.
Number of Jurisdictions Collecting:	Transportation benefit districts: 2
Recent State-wide Revenues:	CY 2003: $346,000
Barriers/Limitations to Implementation:	Subject to voter approval. Transportation benefit district special levies are limited to one year. Note on Transportation Benefit Districts: they are one of the most misunderstood options available to local government for tackling issues of a regional nature or related to a specific geographical area. A 1998 WSDOT legal analysis and report concerned why they aren't more widely used, the weaknesses of the structure and whether there were flaws in the enabling legislation. Their conclusion was that it's a good concept but local jurisdictions have a hard time working together to create one.
Suggestions:	Legislative support to promote the use of transportation benefit districts is needed -- such as some pilot projects. Legislative emphasis on creating such districts would encourage the use of increased regional revenues caused by regional impacts to be spent on regional transportation needs.

Revenue Source:	**Real Estate Excise Tax**
Authorizing Statute:	Chapter 82.46
Year Authorized:	1982, 1990.
Available to:	Cities and counties (in unincorporated areas).
Provisions:	Up to 0.25% on sales of real estate (REET I), and if planning under the GMA, may levy an additional 0.25% (REET II). The state already levies a 1.28% REET. If a city or county is planning under the GMA, but is not required to do so, then voters must approve the additional 0.25% tax. Proceeds must be used on public works projects in capital plans.
Purpose:	First .25% -- In cities and counties of less than 5,000, not subject to the GMA, proceeds must be used for any capital purposes identified in a capital improvements plan. In cities and counties of over 5,000 in population, proceeds must be used solely for financing capital projects specified in a capital facilities plan. Second .25% -- for exclusive use of capital projects specified in a capital facilities plan element of a comprehensive plan. **Uses of the 2nd .25%** are: public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; and planning, construction, reconstruction, repair, rehabilitation or improvement of parks. **Uses of the 1st .25%** include the purposes listed above and also administrative, judicial recreational, law enforcement and fire protection facilities; trails; and libraries.
Number of Jurisdictions Eligible:	All 281 cities and all 39 counties.
Number of Jurisdictions Collecting:	**1st 0.25%** -- 267 cities and 37 counties (Per DOR) **2nd 0.25%** -- 127 cities and 14 counties
Recent State-wide Revenues:	CY2004: Cities $173.2 million Counties $97.5 million (LGFRS) 1st ¼% = $ 150.2 million 2nd ¼% = $120.5 million Figures include revenues for water/sewer/storm water uses as well as transportation.
Barriers/Limitations to Implementation:	This source is popular and lucrative in the more densely populated counties with substantial real estate transactions. It is not as lucrative in many of the states less populated counties and therefore less useful. Changes in local housing markets, economic cycles and annual number of real estate transactions can make receipts from this tax source unpredictable and unreliable.
Suggestions:	None.

Revenue Source:	**Rural County Sales/Use Tax Credited Against the State Sales Tax**
Authorizing Statute:	RCW 82.14.370
Year Authorized:	1997.
Available to:	Rural counties with an average population density of less than 100 residents/sq. mile or a county smaller than 225 sq. miles.
Purpose:	Solely for financing of public facilities such as street improvements, bridges, water/sewer systems, etc., serving economic development purposes.
Provisions:	Up to 0.08% credited against the state's 6.5%, for no more than 25 years.
Number of Jurisdictions Eligible:	32 rural counties.
Number of Jurisdictions Collecting:	32
Recent State-wide Revenues:	CY 2003: $16.3 million CY 2004: $ 17.0 million (DOR)
Barriers/Limitations to Implementation:	None.
Suggestions:	None.

Revenue Source:	**Sales and Use Tax (Regional Transportation Improvement District)**
Authorizing Statute:	RCW 36.120.050
Year Authorized:	2002.
Available to:	Counties with population of more than 1.5 million and adjoining counties with more than 500,000 people that form a Regional Transportation Improvement District comprised of two or more adjacent counties.
Purpose:	Restricted revenue to develop, construct and finance transportation projects for city streets, county roads or highways.
Rate:	Up to 0.5%.
Number of Jurisdictions Eligible:	3 (King, Pierce and Snohomish)
Number of Jurisdictions Collecting:	None
Recent State-wide Revenues:	N/A.
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	Consider allowing other areas of the state to form RTIDs

Revenue Source:	**Sales and Use Tax (Transportation Benefit Districts)**
Authorizing Statute:	Chapter 336, Laws of 2005 (SSB 5177)
Year Authorized:	2005.
Available to:	Transportation benefit districts in all counties except counties with a population of more than 1.5 million and adjoining counties with population exceeding 500,000.
Purpose:	To fund improvements in city streets, county roads and state highways.
Rate:	Up to 0.2%.
Number of Jurisdictions Eligible:	36 counties
Number of Jurisdictions Collecting:	None as of Sept. 2005.
Recent State-wide Revenues:	N/A.
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None

Revenue Source:	**SEPA Mitigation Fees**
Authorizing Statute:	RCW 43.21C.060
Year Authorized:	1971.
Available to:	Cities and counties.
Provisions:	No rate specified; cannot be charged along with other impact fees for the same purposes.
Purpose:	For system improvements that are reasonably related to a new development ; May not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and shall be used for system improvements that will reasonably benefit the new development
Number of Jurisdictions Eligible:	All 281 cities and all 39 counties.
Number of Jurisdictions Collecting:	CY 2004: Cities: 11 Counties: 5
Recent State-wide Revenues:	CY 2004: Cities $1.3 million Counties $0.05 million
Barriers/Limitations to Implementation:	Mitigation fees are only available in instances where a specific SEPA impact has been identified and are therefore not a reliable funding stream. Very difficult for jurisdictions to collect fees from a development outside their boundaries that impacts their system (e.g.: roads & bridges). Certain interests have opposed implementation in the past. Building industry states that these fees increase the price of housing. May result in high administrative costs especially for smaller jurisdictions due to complex rules, negotiating, and tracking of each case. Rarely generate enough to cover costs (in some instances this is per statute). SEPA requirements for developers' impacts -- court cases eroding capacity to prove nexus.
Suggestions:	Pull together and clarify all the authorizations for and definitions of items such as developer contributions, impact fees, mitigations fees, system development charges, connection fees, facilities charges, assessment reimbursement contracts, and latecomer agreements.

Revenue Source:	**Street Utility Employer or Housing Unit Tax**
Authorizing Statute:	RCW 82.80.050
Year Authorized:	1990
Available to:	Cities.
Provisions:	Up to $2 per employee or residential housing unit. This tax may not be used as a basis to directly or indirectly charge transportation impact fees or mitigation fees of any kind against new development.
Purpose:	For the use or availability of the streets in a total annual amount of up to fifty percent of the actual costs for maintenance, operation, and preservation of facilities under the jurisdiction of the street utility.
Number of Jurisdictions Eligible:	281 cities
Number of Jurisdictions Collecting:	0 (12 cities prior to November 1995's ruling)
Recent State-wide Revenues:	$0 (CY 1993: $4.4 million)
Barriers/Limitations to Implementation:	Declared invalid in 1995, *Covell v. Seattle*, 127 Wn.2d 874 (1995), because charges were found to be essentially property taxes. The 17 cities collecting street utility fees at the time repealed their ordinances and Seattle rebated all charges it had collected. Even if the legal problems were fixed, some aspects of the street utility would be difficult to administer. In particular, the employer "head tax" requires considerable effort by the government and businesses.
Suggestions:	This is used in many other states – legislature might appropriate legal resources to resolve outstanding issues. This is a good option for cities and towns (similar to the storm utility taxes currently levied by cities).

Revenue Source:	**Tax Increment/Community Revitalization Financing**
Authorizing Statute:	Chapter 39.89
Year Authorized:	2001 & 2002.
Available to:	All local governments.
Provisions:	Local governments may allocate the portion of increased local property tax revenues resulting from particular infrastructure investments to pay off debt associated with that infrastructure investment, after which time the revenues would accrue to the local jurisdiction(s) per customary distributions. Local governments intending to utilize this must get permission from property taxing districts comprising 75% of the assessed value and fire districts.
Purpose:	To give local governments the ability to raise revenue to finance public infrastructure improvements that are designed to encourage economic growth.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and the other 400 jurisdictions providing the five infrastructure systems.
Number of Jurisdictions Collecting:	0
Recent State-wide Revenues:	$0
Barriers/Limitations to Implementation:	Limited to property taxes and to the local share of property taxes, not the state share. All affected local taxing districts must first agree to give up a major part of their annual tax increment. In tight financial times, this is not a very likely scenario. Because it exempts state property taxes and allows capture of only a portion of the taxes going to other jurisdictions, it does not capture sufficient revenues to pay for major improvements. Public support is dubious, given history of 3 state-wide rejections to amend the State Constitution to allow the original TIF statute (Chapter 39.88) Considered risky by some because the state levy portion of the original statute, Chapter 39.88, was declared unconstitutional in 1995 (*Spokane v. Leonard*)
Suggestions:	Consider inclusion of the State as a contributing partner.

Revenue Source:	**Tolls – Regional Transportation Investment District (RTID)**
Authorizing Statute:	RCW 47.56.076
Year Authorized:	2002
Available to:	A county with a population over one million five hundred thousand persons and any adjoining counties with a population over five hundred thousand persons, forming an RTID
Provisions:	Imposition of tolls contingent on voter approval. DOT shall administer the collection of vehicle tolls.
Purpose:	Adding lanes to or reconstructing lanes on a highway of statewide significance.
Number of Jurisdictions Eligible:	1
Number of Jurisdictions Collecting:	None
Recent State-wide Revenues:	N/A
Barriers/Limitations to Implementation:	Toll subject to voter approval. Historically, the public has not supported tolls. Limited to King, Snohomish, and Pierce Counties.
Suggestions:	Consider extending to additional counties.

Revenue Sources for Water / Sewer / Storm Water

For Water / Sewer / Storm Water

Developer Contributions
Local Intergovernmental Contributions
Property Assessments – Flood Control Zone Districts
Property Assessments – Irrigation Districts
Property Assessments – Lake Management Districts
Property Assessments – Public Utility Districts
Property Tax – Regular Levy Revenue Limit Override
Rates and Charges
Real Estate Excise Tax
Rent and Other Non- Related Revenues
System Development Charges, Connection Fees, and Facilities Charges

Revenue Source:	**Developer Contributions**
Authorizing Statute:	Interspersed throughout statute, *e.g.* RCW 57.22.010 for water-sewer districts.
Year Authorized:	Variable.
Available to:	Water, sewer, and storm water utilities.
Provisions:	Private developers can contribute funds to local governments' projects. Typically done when the project benefits the developer or as a permitting condition.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and water/sewer/storm water special purpose districts.
Number of Jurisdictions Collecting Developer Contributions:	CY2004 Counties: 39 Cities: 242 Special Purpose Districts: Number unknown.
Recent State-wide Revenues:	CY2004 -- includes revenues used for all infrastructure purposes for all five fund types (i.e. general fund, special revenue, debt service, capital projects and enterprise, BARS accounts 367.11 and 367.12) Counties: $11.7 million Source: LGFRS Cities: $97.1 million.
Barriers/Limitations to Implementation:	Not a general revenue source since developer contributions are project specific. Use of this revenue source may result in high administrative costs, especially for smaller jurisdictions due to complex rules, negotiating, and accountability provisions. Certain interests have historically opposed the implementation of this revenue source.
Suggestions:	None.

Revenue Source:	**Local Intergovernmental Contributions**
Authorizing Statute:	Chapter 39.34, Inter-Local Cooperation Act.
Year Authorized:	1967
Available to:	Water, sewer, and storm water utilities.
Provisions:	Local governments can, among other things, contribute funds to other governments' projects (usually when the project benefits both governments). This is rarely used for water, sewer, and storm water systems.
Number of Jurisdictions Eligible:	All 39 counties, all 281 cities, and water/sewer/storm water special purpose districts.
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Not broadly applicable. State constitution (Art. VIII, Sect. VII) potentially conflicts with the Inter-Local Cooperation Act.
Suggestions:	None.

Revenue Source:	**Property Assessments – Flood Control Zone Districts**
Authorizing Statute:	RCW 86.15.160
Year Authorized:	1961.
Available to:	Flood control zone districts.
Provisions:	Project-specific and fixed timeline.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Property Assessments – Irrigation Districts**
Authorizing Statute:	Chapter 87.03.260 & Chapter 87.03.470
Year Authorized:	1889-90.
Available to:	Irrigation districts.
Provisions:	Project-specific and fixed timeline.
Number of Jurisdictions Eligible:	Districts: 97 (currently exist)
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Property Assessments – Lake Management Districts**
Authorizing Statute:	Chapter 36.61
Year Authorized:	1985.
Available to:	Lake management districts.
Provisions:	Project-specific and fixed timeline.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Subject to voter approval.
Suggestions:	None.

Revenue Source:	**Property Assessments – Public Utility Districts**
Authorizing Statute:	RCW 54.16.080
Year Authorized:	1931.
Available to:	Public Utility Districts.
Provisions:	Up to $0.45 per $1,000 AV; project-specific and fixed timeline.
Number of Jurisdictions Eligible:	Districts: 28 (currently exist)
Number of Jurisdictions Collecting:	Public Utility Districts: 4 (DOR)
Recent State-wide Revenues:	CY 2003: $2.4 million (DOR)
Barriers/Limitations to Implementation:	Though voter approval is not required, implementing this levy is politically difficult.
Suggestions:	None.

Revenue Source:	**Property Tax Regular Levies – Revenue Limit Override**
Authorizing Statute:	RCW 84.55.050
Year Authorized:	2003
Available to:	Cities and counties
Provisions:	The 1 percent property tax annual revenue growth lid may be lifted for up to six years if a proposal to do so is approved by a majority vote.
Number of Jurisdictions Eligible:	320
Number of Jurisdictions Collecting:	Unknown
Recent State-wide Revenues:	Unknown
Barriers/Limitations to Implementation:	Requires voter approval
Suggestions:	None.

Revenue Source:	**Rates and Charges**
Authorizing Statute:	Authority is dispersed throughout statute (e.g.: Chapter 54 Public Utility Districts, Chapter 57 Water-Sewer Districts, RCW 86.15.160 Flood Control Zone Districts, RCW 36.89.080 for storm water control facilities run by counties).
Year Authorized:	Variable.
Available to:	All jurisdictions providing water, storm water, or sewer services.
Provisions:	Rates and charges are currently an option only for water, sewer, and storm water utilities, whether municipal or special district. They are supposed to be set only at the level necessary to cover costs, including depreciation [*Uhler v. Olympia*, 87 Wash. 1 (1915), and *Carstens v. Public Utility District No. 1*, 8 Wn.2d 136 (1941)].
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Public understanding of setting rates.
Suggestions:	None.

Revenue Source:	**Real Estate Excise Tax**
Authorizing Statute:	Chapter 82.46
Year Authorized:	1982, 1990
Available to:	Cities and counties (in unincorporated areas).
Provisions:	Up to 0.25% on sales of real estate (REET I), and if planning under the GMA, may levy an additional 0.25% (REET II). The state already levies a 1.28% REET. If a city or county is planning under the GMA, but is not required to do so, then voters must approve the additional 0.25% tax. Proceeds must be used on public works projects in capital plans.
Purpose:	First .25% -- In cities and counties of less than 5,000, not subject to the GMA, proceeds must be used for any capital purposes identified in a capital improvements plan. In cities and counties of over 5,000 in population, proceeds must be used solely for financing capital projects specified in a capital facilities plan. Second .25% -- for exclusive use of capital projects specified in a capital facilities plan element of a comprehensive plan. Capital project for the 2nd .25% means: public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; and planning, construction, reconstruction, repair, rehabilitation or improvement of parks. Uses of the 1st .25% include the purposes listed above and also recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative and/or judicial facilities.
Number of Jurisdictions Eligible:	All 281 cities and all 39 counties.
Number of Jurisdictions Collecting:	Per DOR: 1st 0.25% -- 267 cities and 37 counties 2nd 0.25% -- 127 cities and 14 counties
Recent State-wide Revenues:	CY2004: Cities $173.2 million Counties $97.5 million (LGFRS) 1st ¼% = $ 150.2 million 2nd ¼% = $120.5 million Figures include revenues for water/sewer/storm water uses as well as transportation.
Barriers/Limitations to Implementation:	This source is popular and lucrative in the more densely populated counties with substantial real estate transactions. It is not as lucrative in many of the states less populated counties and therefore less useful. Changes in local housing markets, economic cycles and annual number of real estate transactions can make receipts from this tax source unpredictable and unreliable.
Suggestions:	None.

Revenue Source:	**Rent and Other Non-Related Revenues**
Authorizing Statute:	Authority is dispersed throughout statute (e.g.: RCW 57.08.005(11) for water-sewer districts).
Year Authorized:	Variable.
Available to:	All jurisdictions providing water, storm water, or sewer services.
Provisions:	Non-system revenues such as rental of property for cellular towers or forestry can be used for capital infrastructure. For cities and counties, such revenue is not statutorily limited to capital infrastructure.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Situation-specific (not broadly applicable).
Suggestions:	None.

Revenue Source:	**System Development Charges, Connection Fees, Facilities Charges**
Authorizing Statute:	RCW 35.92.025 & RCW 57.08.005
Year Authorized:	1959 & 1996.
Available to:	Water, storm water, and sewer utilities.
Provisions:	Cities, counties, and special districts may charge property owners to connect to the water, storm sewer, or sanitary sewer system, at reasonable rates so that property owners bear their equitable share of the system costs.
Number of Jurisdictions Eligible:	Unknown.
Number of Jurisdictions Collecting:	Unknown.
Recent State-wide Revenues:	Unknown.
Barriers/Limitations to Implementation:	Certain interests historically have opposed implementation. While most utilities have no difficulties collecting these fees and charges, some jurisdictions find the administrative costs to be high because of complex rules, negotiating, and tracking of each case. Limited to water, sewer, and storm water systems.
Suggestions:	Expand uses to cover applicable to road and bridge infrastructure projects.

Infrastructure Revenue Options
Financing and Structural Options

The options listed below represent **financing or structural** techniques that depend on the revenues listed in Appendix A. They themselves are not revenue options.

Financing Techniques:

- **Bonds:** general obligation, revenue and other – are financing techniques that rely on underlying revenues of local governments such as utility fees, general fund revenues or specific revenue sources such as assessments for particular infrastructure improvements.

Structural Techniques:

- **Local Improvement Districts (LIDs) and Utility Local Improvement Districts (ULIDs**) (RCW 35.43, 36.88.94, 36.94) – structural techniques to collect assessments for specific and limited infrastructure projects. A limitation is that counties cannot form them within incorporated city limits, though cities can form them in unincorporated county areas.
- **Permit fees:** Many fees are permitted throughout the RCW available to cities, counties, and special districts to cover costs, such as administrative, for providing a particular service. Such fees may not exceed the cost of the service and if they do then they are essentially considered taxes, and local governments need statutory authority to levy any particular tax. Therefore, permit fees are not considered a revenue source for capital infrastructure projects.
- **County Road Improvement Districts** (RIDs) (Chapter 36.88) – a structural technique for counties similar to city LIDs available for county road improvements.
- **County Road Fund** (Chapter 36.82) – is not a revenue source, but rather a mandatory account for deposit of funds received by counties for county roads.
- **Transportation Benefit Districts** (RCW 35.21.225 and 36.73) – structural technique Note: The TBD is one of the most misunderstood options available to local government for tackling issues of a regional nature or related to a specific geographical area. A 1998 WSDOT legal analysis and report about TBDs concluded that overall, it's a good concept but local jurisdictions just have a hard time working together to create one.

A revenue source that is often thought of as being for infrastructure is the cable TV franchise fee (RCW 35.21.860(d) and 36.55). However, no state or federal statute requires the revenues to be used for infrastructure. Local ordinances could require that, but in Clark County and the City of Vancouver, for example, cable TV franchise fees go into the general fund.

Appendix C
State Revenue Sources for Local Government Infrastructure

For Roads / Bridges (includes some Storm Water)

Arterial Improvement Program, TIB
Capron refunds
City Hardship Assistance Program, TIB
Community Economic Revitalization Board, CERB
County Arterial Preservation Program, CRAB
Fuel tax – distribution from state
Flood Control Assistance Account Program, WA State Dept of Ecology
Rural Arterial Program, CRAB
Small City Pedestrian Safety and Mobility Program, TIB
Small City Program, TIB
Transportation Partnership Program, TIB
Urban Pedestrian Safety and Mobility Program, TIB

For Water / Sewer / Storm Water

Centennial Clean Water Fund, WA State Dept of Ecology
Flood Control Assistance Account Program, WA State Dept of Ecology

Roads/Bridges (includes some Storm Water) – State

Grant Source:	**Arterial Improvement Program (Transportation Improvement Board)**
Year Instituted:	1967, amended 1995
Available to:	Counties with urban areas and cities and towns within urban areas and cities with populations exceeding 5,000
Purpose:	State grant funds for city and urban county projects to reduce congestion, improve safety, geometrics and structural concerns.
Provisions:	• Competitive grants available for the development and improvement of functionally-classified arterials in Urban Cities and Counties. • Criteria for grants include: safety; mobility; and pavement condition. • Requires minimum of 10-20 percent local match
Source of Funds:	3.1 cents per gallon of state gas tax
Number of Jurisdictions Eligible:	
Number of Jurisdictions Collecting:	2006: 13 cities $19.6 million, 4 counties $11.6 million
Recent Funds Available:	Fiscal Year 2006 – $31.2 million
Barriers/Limitations to Implementation:	Board revenues are limited. About $1 has been granted for every $8 requested for TIB programs.
Suggestions:	Increase Public Works Trust Fund resources

Revenue Source:	**Capron refunds**
Authorizing Statute:	RCW 46.68.080
Year Instituted:	1939
Available to:	Counties composed entirely of islands (San Juan and Island). Revenue is shared with the cities in these counties.
Purpose:	Funds must be deposited into a road or street fund.
Provisions:	100% of a county's vehicle license fees and state fuel tax collected if there is no state highway or fixed connection to the mainland and 50% if there is. Funds go to the county and the cities in each county, in proportion to their properties' assessed values.
Number of Jurisdictions Eligible:	2 counties, 5 cities
Number of Jurisdictions Collecting:	CY2004: 2 counties, 5 cities
Recent Funds Available:	CY2004 Cities: $1.2 million Counties: $7.3 million (per LGFRS)
Barriers/Limitations to Implementation:	None
Suggestions:	None

Revenue Source:	**City Hardship Assistance Program, Transportation Improvement Board**
Year Instituted:	1991
Available to:	Cities with populations under 15,000 who have a net gain in cost due to jurisdictional transfers and cities with less than 20,000 population
Purpose:	To offset the extraordinary costs of roadway transfers.
Provisions:	• Projects are selected based on structural condition, accident experience, and relationship to other local agency projects. • Cities are reimbursed for the entire project cost. • Funds cannot be used for landscaping, additional lanes, or turn lanes
Number of Jurisdictions Eligible:	240 cities
Number of Jurisdictions Collecting:	
Recent Funds Available:	2001-03: $1.1 million 2004 – 2 cities $1.5 million
Barriers/Limitations to Implementation:	
Suggestions:	

Revenue Source:	**Community Economic Revitalization Board (CERB)**
Year Instituted:	1982, amended 2005
Available to:	Counties, cities, towns, port districts, Indian tribes, special purpose districts and public development authorities (PDAs) primarily in rural communities and economically distressed areas.
Purpose:	Targeted to support business and industrial job growth partnerships primarily with rural communities through loans and grants that help finance construction of public facilities supporting private sector development.
Provisions:	Until 2005, CERB consisted of two programs: • The "Traditional Construction Program" provides funding assistance to economically disadvantaged communities for public facilities to foster the creation and/or retention of jobs by industry. This program requires an eligible private sector business sponsor at the time of application. • The Rural Construction Program provides economic opportunities to rural counties and rural natural resource areas to assist disadvantaged rural communities fund high priority economic development infrastructure for CERB-eligible prospective economic development projects. The 2005 Legislature added the Job Development Fund Grant Program, to support public infrastructure projects to stimulate community and economic development and job creation. The legislature transferred $50 million from the Public Works Assistance Account to the Job Development Fund to fund specific projects identified in the state capital budget.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Collecting:	FY 2004 – 19 new projects
Recent Funds Available:	FY 2004 $8.7 million in loans and grants to cities, ports and PDAs FY 2007-09 - $50 million for the Job Development Program
Barriers/Limitations to Implementation:	CERB programs have been primarily for rural and economically distressed areas of the state.
Suggestions:	Do not raid the Public Works Assistance Account for the Job Development Fund since that account is already over subscribed. The legislature should reprioritize its capital budget and eliminate other capital projects having lower priorities.

Revenue Source:	**County Arterial Preservation Program, (County Road Administration Board)**
Authorizing Statute:	RCW 46.68.090(k)
Year Instituted:	1990
Available to:	Counties
Purpose:	To provide resources dedicated to the preservation of paved county arterials to help counties avoid costly roadway failures had the surface repairs been delayed..
Provisions:	• Source of funds is .45 cents of the state gas which generates approximately $28 million per year. • To be eligible, counties must use a pavement management system to assist in project selection.
Number of Jurisdictions Eligible:	39
Number of Jurisdictions Collecting:	39
Recent Funds Available:	2005-07 biennium: about $14 million per year
Barriers/Limitations to Implementation:	None

Revenue Source:	**Fuel tax – distribution from state**
Authorizing Statute:	Chapter 82.36
Year Instituted:	1921, last amended 2005
Available to:	All counties and cities
Purpose:	Prior to 2005, funds distributed to cities and towns had to be used exclusively for certain purposes depending on the size of the city or town on arterial highways and city streets. These restrictions were removed, however use of the funds remain restricted to highway purposes as set forth in the 18th amendment to the state constitution.
Provisions:	An excise tax by volume collected at the rack; counties get 19.2287% and cities with over 2,000 in population get 10.6961% of the state gas tax less net refunds, administration cost, and cost of 3 programs. Cities of less than 2,000 in population are eligible for assistance through one of the 3 programs netted out
Number of Jurisdictions Eligible:	39 counties, 301 cities/towns (2004)
Number of Jurisdictions Collecting:	39 counties, 301/towns cities
Recent Funds Available:	CY 2004: Counties $133.9 million; Cities $75.0 million (LGFRS)
Barriers/Limitations to Implementation:	• Constitutionally limited to highway purposes, including ferries that are part of public highways, county roads, or city streets. • Fairness of the current distribution is debated: 1) as growth shifts, the proportions of population on state vs. county vs. city roads shift, but the fuel tax proportions do not, and 2) makes cities focus on capacity expansion at the expense of maintenance and pavement management systems. (Current distribution: City portion is distributed among cities based solely on population. County portion is distributed among counties based on population, cost of maintenance and reconstruction, size of road system, and other revenue available for road purposes.)
Suggestions:	• Consider reviewing the distribution formula to reflect themaintenance responsibilities of the respective jurisdictions.

Revenue Source:	**Flood Control Assistance Account Program, Washington State Department of Ecology**
Year Instituted:	1984 (RCW 86.26)
Available to:	Counties or other municipal corporations provided the director of ecology has approved the flood plain management activities of the county, city, or town having planning jurisdiction over the area where the flood control maintenance project will be, on the one hundred year flood plain surrounding such area.
Purpose:	To establish a state and local flood control maintenance policy. Eligible projects: Measures to prevent or lessen damage from future floods - maintaining levee
Provisions:	• Grants may be used for maintaining and restoring the normal and reasonably stable river and stream channel alignment and capacity for carrying off flood waters. • Varying local match percentage requirements.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Receiving:	2005-07 Bienium: Counties-17 Cities/Towns-9
Recent Funds Available:	2005-07: $1.9 million (Dept of Ecology)
Barriers/Limitations to Implementation:	More projects were eligible than could be supported with available funds.
Suggestions:	

Revenue Source:	**Rural Arterial Program, (County Road Administration Board)**
Authorizing Statute:	RCW 36.79
Year Instituted:	1983
Available to:	Counties for use on county arterials in rural areas.
Purpose:	A road and bridge reconstruction funding program that counties compete for every two years within their respective regions.
Provisions:	• For reconstruction and major rehabilitation of county rural arterials and collectors, as designated by federal functional classification, and FA-funded off-system bridges only. • Counties must not divert road levy except for traffic policing and fish barrier removal to be eligible. Counties of less than 8,000 in population are exempt from some of the restrictions.
Number of Jurisdictions Eligible:	39
Number of Jurisdictions Collecting:	39 (varies year to year based on project priority arrays)
Recent Funds Available:	Approximately $39 million per biennium generated from fuel taxes. CY 2004 = $14.2 million
Barriers/Limitations to Implementation:	None

Revenue Source:	**Small City Pedestrian Safety and Mobility Program, (Transportation Improvement Board)**
Year Instituted:	
Available to:	Cities of less than 5000 population
Provisions:	• The Small City Pedestrian Safety & Mobility Program provides funds to enhance and promote pedestrian mobility and safety as a viable transportation choice. • The Pedestrian Safety and Mobility Program projects improve safety, provide access, and address system continuity and connectivity. The funds are distributed by the Transportation Improvement Board through a competitive project selection process. Of the funds obligated to pedestrian safety and mobility projects within small cities, the amount apportioned to projects in a region will be within plus or minus five percent of the ratio which the population of cities under five thousand in a region bears to the state-wide population for cities under five thousand. Pedestrian Safety and Mobility projects funded in cities with a population less than 5,000 are reimbursed in the same manner as Small City Program projects.
Number of Jurisdictions Eligible:	
Number of Jurisdictions Collecting:	9 cities
Recent Funds Available:	FY 2006: $1.1 million
Barriers/Limitations to Implementation:	
Suggestions:	

Revenue Source:	**Small City Program (Transportation Improvement Board)**
Year Instituted:	1995
Available to:	Cities with a population of less than 5,000
Purpose:	To preserve and improve the roadway system consistent with local needs. Projects funded by the SCP improve safety, widen roadways and improve structural pavement conditions.
Provisions:	• The funds are distributed by TIB through a competitive project selection process. • Project selection criteria include safety, pavement condition and local support. • Local match requirements: o Under 500 population – no match o 500 and over – 5% local match
Number of Jurisdictions Eligible:	
Number of Jurisdictions Collecting:	FY 2006 – 18 cities
Recent Funds Available:	$8.2 million
Barriers/Limitations to Implementation:	
Suggestions:	

Revenue Source:	**Transportation Partnership Program, (Transportation Improvement Board)**
Year Instituted:	1988
Available to:	Cities with a population of more than 5,000 and urban areas within counties and Transportation Benefit Districts.
Purpose:	Grants to improve mobility of people and goods in Washington state by supporting economic development and environmentally responsive solutions to our statewide transportation system needs.
Provisions:	• The grants are distributed by the Transportation Improvement Board through a competitive project selection process. • Source of funds is 1.3 cents from the state's motor vehicle fuel tax. • Criteria for program selection include: o The percentage of agency(ies) and private matching funds. o Multimodal solutions for projects including, but not limited to, transit, high occupancy vehicle (HOV) lanes, ferry, high capacity transit/rail, or intermodal facility. o Economic development aspects. o Multi-agency involvement in projects. o Mobility enhancement by betterment of service level.
Number of Jurisdictions Eligible:	
Number of Jurisdictions Collecting:	In 2006, 11 cities 5 counties
Recent Funds Available:	2006 Cities- $19.2 million Counties- $12.8 million
Barriers/Limitations to Implementation:	
Suggestions:	

Revenue Source:	**Urban Pedestrian Safety and Mobility Program, (Transportation Improvement Board)**
Year Instituted:	1995
Available to:	Small city and urban agencies. Urban and small cities compete separately for funds.
Purpose:	To enhance and promote pedestrian mobility and safety as a viable transportation choice.
Provisions:	• The funds are distributed by the Transportation Improvement Board through a competitive project selection process. • A minimum 20 percent match is required for all projects. • Of the funds obligated to the urban pedestrian safety and mobility projects within urban areas, 40% are allocated to projects an a statewide basis and then, at least 15% are allocated to projects in the east region, at least 15% to projects in the west region and approximately 30% to projects in the Puget Sound region. • Pedestrian Safety and Mobility Program projects in urban area are reimbursed in the same manner as Arterial Improvement Program projects.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Collecting:	In 2006, 21 cities
Recent Funds Available:	2006 - $2.1 million
Barriers/Limitations to Implementation:	
Suggestions:	

Water/Sewer/Storm Water – State

Revenue Source:	**Centennial Clean Water Fund, Washington State Department of Ecology**
Year Instituted:	
Available to:	Local governments and special purpose districts such as water/sewer, health and conservation districts.
Purpose:	Provide low-interest loans and grants for wastewater treatment facilities and fund-related activities to reduce nonpoint sources of water pollution.
Provisions:	• 1/3 of funds are reserved for nonpoint activity type projects and 2/3 are reserved for financial hardship community grants for facility construction projects. • Loans only are available for site specific projects point source projects. Grants are available for non-point source activities of up to 75% of project cost.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Collecting:	33
Recent Funds Available:	FY 2006 - $20.1 million
Barriers/Limitations to Implementation:	• $155.9 million was requested for Water Quality Projects of which DOE funded $89.9 million from three revenue sources.
Suggestions:	

Revenue Source:	**Flood Control Assistance Account Program, Washington State Department of Ecology**
Year Instituted:	1984 (RCW 86.26)
Available to:	Counties or other municipal corporations provided the director of ecology has approved the flood plain management activities of the county, city, or town having planning jurisdiction over the area where the flood control maintenance project will be, on the one hundred year flood plain surrounding such area.
Purpose:	To establish a state and local flood control maintenance policy. Eligible projects: Measures to prevent or lessen damage from future floods - maintaining levee
Provisions:	• Grants may be used for maintaining and restoring the normal and reasonably stable river and stream channel alignment and capacity for carrying off flood waters. • Varying local match percentage requirements.
Number of Jurisdictions Eligible:	Unknown
Number of Jurisdictions Receiving:	2005-07 Bienium: Counties-17 Cities/Towns-9
Recent Funds Available:	2005-07: $1.9 million (Dept of Ecology)
Barriers/Limitations to Implementation:	More projects were eligible than could be supported with available funds.
Suggestions:	