



Staff Report

October 21, 2024 Council Workshop Meeting

Transportation Benefit District (TBD) Revenue Options

Presenter: Matthew Thorup, Assistant Finance Director, and Steve Wall, Public Works Director

Time Estimate: 20 minutes

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BACKGROUND: This presentation is to provide the City Council an opportunity to review the funding options related to implementing a Transportation Benefit District as part of the City's 2025-2026 biennial budget process.

SUMMARY: Transportation Benefit Districts are utilized in more than 110 cities and towns in Washington State as of January 2024. These cities and towns utilize sales tax or vehicle license fees to support transportation costs in the Transportation Benefit Districts. This presentation will offer some benefits and risks with each option.

BENEFITS TO THE COMMUNITY: A dedicated revenue source for Street Preservation would move the City closer to meeting essential street maintenance to meet best practices and save money for the residents in the future by not allowing streets to deteriorate at a rate that will be more expensive to repair.

POTENTIAL CHALLENGES: Of the two funding options, vehicle tab license fees will be a direct revenue source for the users of the City's transportation system but not all. Visitors will not have a share in this revenue option.

Sales tax is the more equitable option with visitors and residents paying into the transportation system. Even those who do not have vehicles, benefit with the complete street program for sidewalks and bicycle lanes.

BUDGET IMPACT: The Mayor's Proposed Budget is projected to implement a Transportation Benefit District. Depending on which option is selected, the budget impact would be as follows:

Estimated Budget Impact		
Transportation Benefit District	.1% Sales Tax	\$500,000
Transportation Benefit District	\$20 Vehicle License Fee	\$570,000

The .1% sales tax can be imposed without voter approval, and cannot be implemented sooner than 75 days before January 1, April 1, or July 1. The earliest the sales tax could be collected would be April 1, 2025. The sales tax would need to be renewed in 10 years.

The vehicle tab license fee can be increased to \$50 without voter approval (\$20 for two years, \$40 for two years, then can be raised to \$50). The fee may be raised up to \$100 with voter approval. If adopted, the fee cannot be collected until six months after approval per RCW 36.73.065. This would make it collectible starting July 2025.

RECOMMENDATION: Staff recommends the adoption of the Transportation Benefit District, with no preference to the funding mechanism selected for the district.