

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

WASHINGTON COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Counties receive 4.923 cents of the 37.5 cent per gallon state motor vehicle fuel tax (MVFT).
- Counties receive funding from the state rural arterial program, county arterial preservation program and transportation improvement board.

From Federal Funds:

- Counties receive Secure Rural Schools and Community Self-Determination (SRS) payments from federal forest land timber revenues.

From County Funds:

- Property taxes are the most significant source of local transportation funding, especially county road taxes, which are imposed on the unincorporated areas of every county with rates limited to one percent annual growth increase according to the expenditure needs identified by the county legislative body.
- Almost all counties impose the maximum 0.5 percent base local option sales tax, and 29 out of 38 counties impose an optional 0.5 percent local option sales tax, which can be used for any purpose.
- Thirty-two (32) counties have adopted the 0.09 percent Rural Counties Public Facilities Sales and Use Tax which is credited against the state portion of the sales tax. Funding must be used for public facilities with an economic development purpose, including bridges, roads and infrastructure.
- County Road Funding
 - Property taxes and other taxes: 47.7%
 - State shared revenues & grants: 26.9%
 - Fees, reimbursable, misc. revenue: 13.8%
 - Federal shared revenues & grants: 11.6%

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- County roads have the highest fatality rate at 2.12 fatalities per 100 million vehicle miles.

Share of County Owned Road Miles Out of Public Roads Statewide	47%
Share of County Owned Bridges Out of Public Bridges Statewide	41%
Share of Structurally Deficient Bridges Out of County Owned Bridges	4%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	County property taxes revenues cannot increase by more than 1% per year, counties are limited to 2.25 mills for county road taxes
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Counties may levy a Local Option Sales & Use Tax up to .5%; counties with less than 100 people /mile squared can levy up to .08% sales tax for public facilities
Levy a Local Gas Tax	X	With voter approval counties may adopt a tax between 0.1 cent and 1 cent per gallon
Charge a Motor Vehicle License or Registration Fee	X	Counties may adopt flat "vehicle license fees" up to \$15 annually
Form Special Districts for Transportation	X	

- The county current expense revenue base is highly dependent upon property and sales taxes; these sources represent 87% of general fund revenue. Property tax growth is limited to annual increases of one percent, well below historic rates of inflation.
- In some counties, sales and property tax revenues have declined because of poor economic conditions, annexations and incorporations, loss of sales tax equalization, or land acquisition by the state and federal government.
- The Growth Management Act has shifted tax and financial resources from counties to cities by directing growth and economic development to urban areas.
- Counties collect only fifteen percent of basic and optional sales tax revenue in incorporated areas, yet retain responsibility for countywide services in those areas.
- Counties lost critical revenues from the elimination of the Motor Vehicle Excise Tax, first by the voters, and subsequently by the Legislature. The replacement funding provided by the Legislature is nearly eliminated.
- Current transportation revenues are not adequate to maintain a quality transportation system and make improvements needed to enhance safety, improve local freight mobility and relieve congestion.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- The state legislature created public transportation grant program in 2012, to aid transit authorities with operations (expires 2015).
- The three largest counties have the authority to charge a \$2 fee for High Occupancy Vehicles (HOV) systems. These revenues are often used for transportation purposes, usually aimed at relieving peak-hour congestion. King County also has a \$20 license fee for congestion reduction funding.

BREAKDOWN OF COUNTY TRANSPORTATION FUNDING¹

County Share	61%
State Share	27%
Federal Share	12%

¹ This is an estimate based on information from the Washington State Association of Counties.