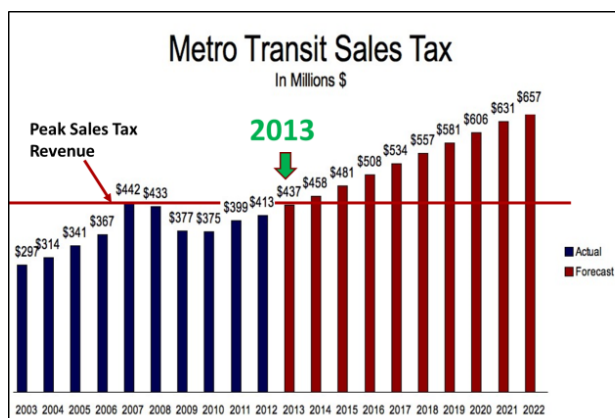


IS METRO "CRYING WOLF"?

Eastside Transportation Association

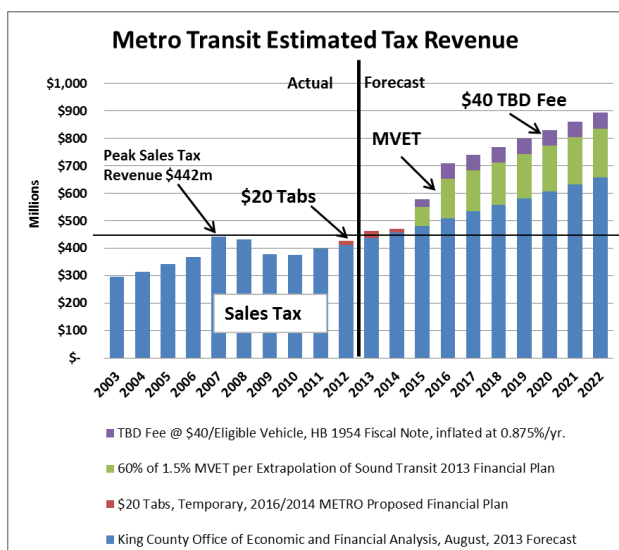
November 11, 2013

King County METRO Transit's sales tax revenues peaked at \$442 million in 2007 and then dropped 15% during the Great Recession. In August 2013, the King County Office of Economic and Financial Analysis prepared the adjacent chart (annotations have been added for clarity) forecasting a huge increase in tax receipts. Note that record revenues of \$458 million are estimated for 2014. METRO sales tax revenues alone are then expected to grow another \$200 million in only eight more years.



Source: King County Office of Economic and Financial Analysis, August 2013 sales Tax Revenue Forecasts

In spite of METRO's own forecast for record revenues, METRO claims that service hours will need to be reduced by 17%, or 600,000 bus hours, in 2014 unless major additional tax sources are found. This does not add up.



Regardless of King County METRO's massive upcoming revenue increases, its current ability to charge users more, increase car tabs \$100 and/or increase the Sales Tax another 2 cents per \$10, METRO is also requesting the Legislature increase their funding authorization. In 2013 the State House of Representatives passed HB 1954, but the State Senate did not. Included in HB 1954 were two additional optional revenue sources for METRO Transit: a 1.5% MVET¹ and a \$40 per vehicle Transportation Benefit District (TBD) Fee². The adjacent chart shows these additional revenues added to the forecasted sales tax to 2022. Note that these taxes would virtually double METRO's revenue from just under \$450 million to \$900 million in eight (8) years. Also shown on the

adjacent chart is the Temporary \$20 License Tab Fee at \$26,000,000 for two years. With the temporary \$20 Tab fees, METRO has already recovered their revenues to pre-recession record levels.

It is clear that King County METRO is "Crying Wolf", given their current revenues, and is demanding an extraordinary additional level of funding to prevent a dramatic cut in service hours based on a phantom revenue need. It clearly is not a "need", but a "desire".

Eastside Transportation Association

www.eastsideta.com

1. Based on Sound Transit's projected MVET revenue inflation rate.
2. Fiscal Note for HB 1954. Annual revenue to King County METRO of \$55,546,440 from the \$40 TBD Fee. Inflation added.