

Regional Transportation Plan Financial Strategy

Transportation Policy Board
December 12, 2024



Puget Sound Regional Council



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

psrc.org/equity

Today's Presentation

- Review of preliminary approach for new revenue sources
- Additional financial sensitivity analyses
- Refined proposal
- 2025 next steps



Preliminary Approach for Potential New Revenue Sources

- Based on board feedback, staff proposes to focus on those sources that could be implemented consistently across the region and that are more likely to generate greater potential revenue
- Initial sensitivity tests on:
 - Road usage charge at various rates, and indexed to inflation
 - Increased levels of electric vehicles at \$150 fee, and indexed to inflation
 - Increased sales tax rates for local transit
 - Return of motor vehicle excise tax



Additional Sensitivity Tests

Based on **feedback** to date and **revenue potential**, additional / more refined sensitivity tests were conducted:

- Road usage charge
- Vehicle Fees (either License Fees or Excise Tax)
- Sales Tax for Local Transit
- County Road Levy



Background: Transitioning Away from the Gas Tax

PSRC Region's Gas Tax
Generation: **2020**

~\$500
million



PSRC Region's Gas Tax
Generation: **2035**

~\$270
million



% of Gas Tax for
Debt Service: **2035**

~75%

With debt service impacts along with fuel efficiency gains and electric vehicles, future revenue from the gas tax available for new transportation uses is estimated to be **less than \$70m** by 2035.

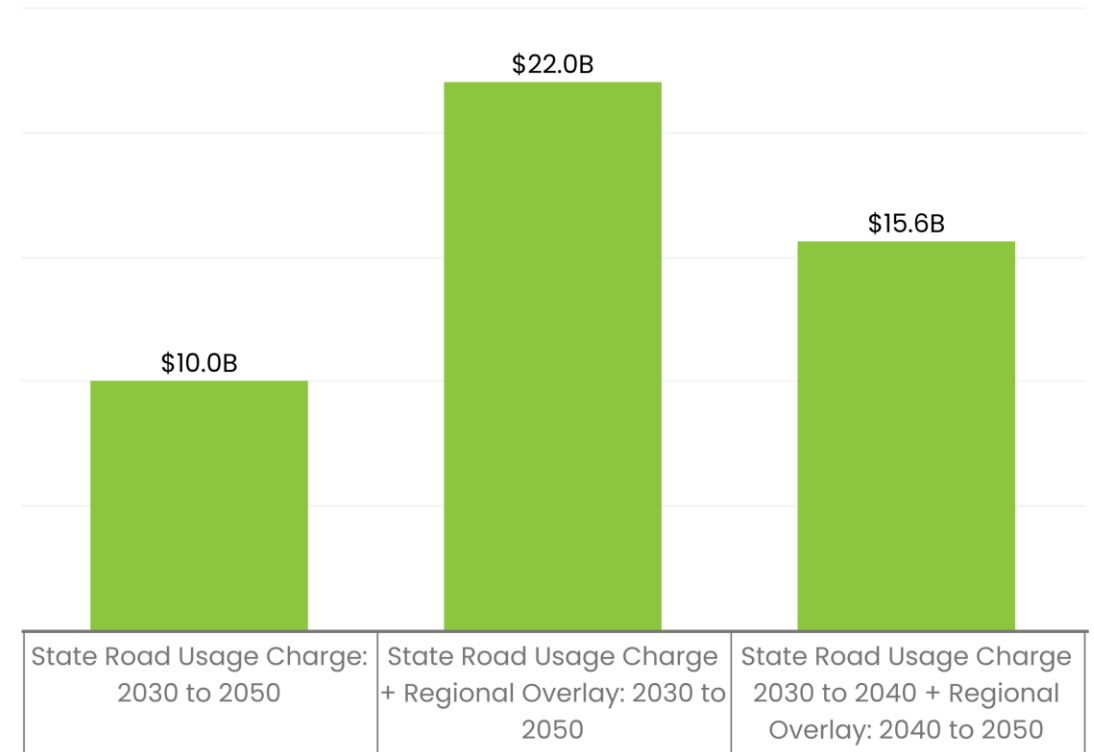


Sensitivity Test: Road Usage Charge

Scenarios tested:

- State Road Usage Charge
 - \$0.027/mi 2030 to 2050
- State Road Usage Charge + Regional Overlay
 - \$0.060/mi 2030 to 2050
- State Road Usage Charge + Regional Overlay
 - \$0.027/mi 2030 to 2040
 - \$0.060/mi 2040 to 2050

Increased Revenue Potential: 2030 to 2050



Source: PSRC SoundCast Model Outputs



Sensitivity Test: Additional Vehicle Registration Fees

Scenarios tested:

- All vehicles pay additional \$50 per year vehicle registration fees
- All vehicles pay additional \$75 per year vehicle registration fees
- All vehicles pay additional \$100 per year vehicle registration fees

Increased Revenue Potential: 2030 to 2050



Source: PSRC SoundCast Model Outputs for Vehicle Registrations

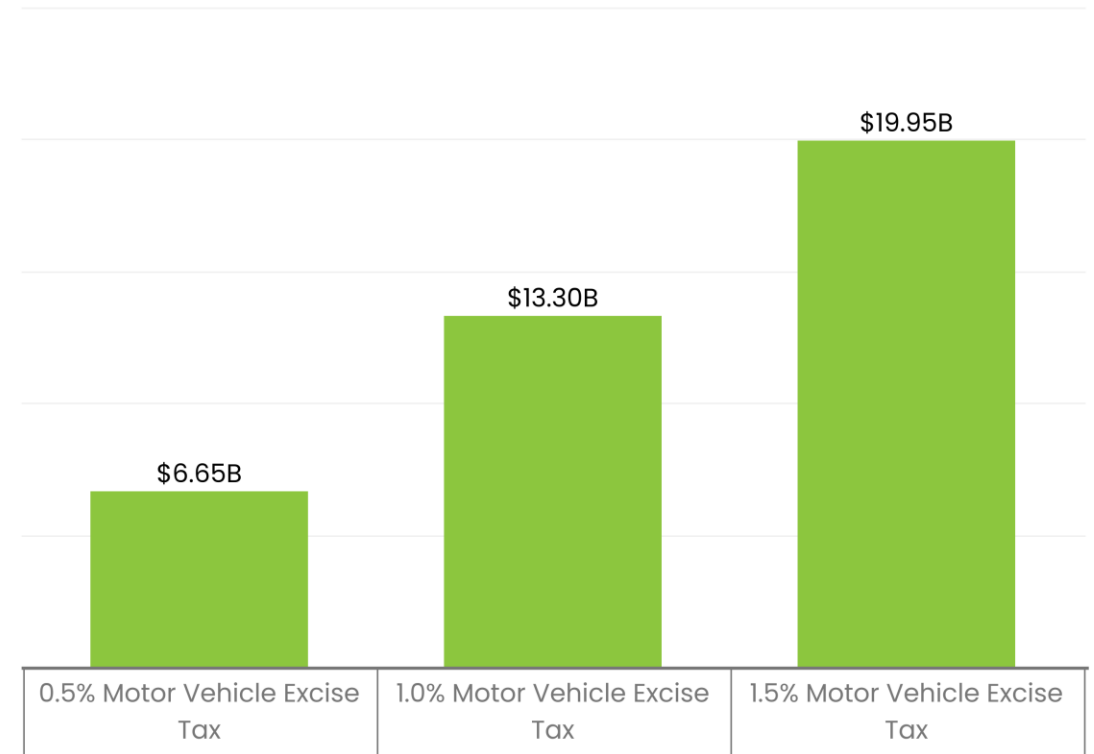


Sensitivity Test: Motor Vehicle Excise Tax

Scenarios tested:

- All vehicles pay additional 0.5% Motor Vehicle Excise Tax
- All vehicles pay additional 1.0% Motor Vehicle Excise Tax
- All vehicles pay additional 1.5% Motor Vehicle Excise Tax

Increased Revenue Potential: 2030 to 2050



Source: PSRC SoundCast Model Outputs for Vehicle Registrations



Vehicle Registration Fees vs. Motor Vehicle Excise Tax

Vehicle registration fees – everyone pays the same

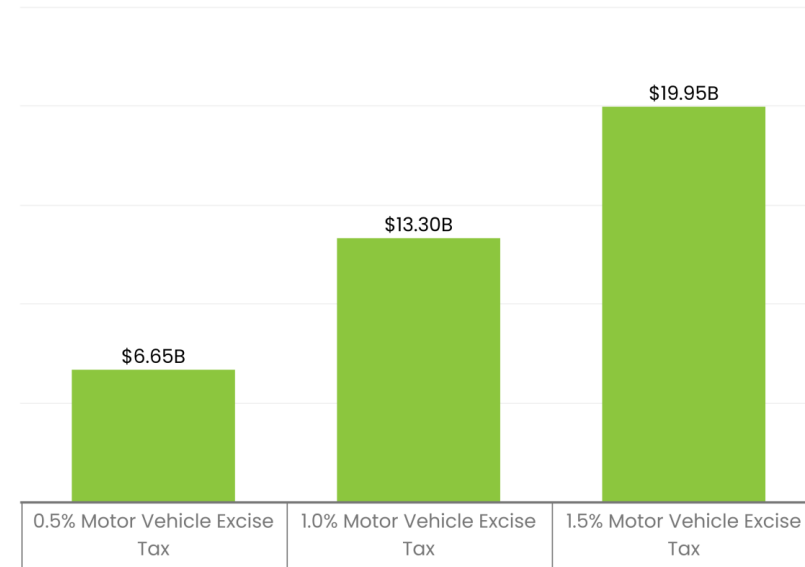
MVET – tax based on value of vehicle

Increased Revenue Potential: 2030 to 2050



Source: PSRC SoundCast Model Outputs for Vehicle Registrations

Increased Revenue Potential: 2030 to 2050



Source: PSRC SoundCast Model Outputs for Vehicle Registrations

Equity and fairness considerations

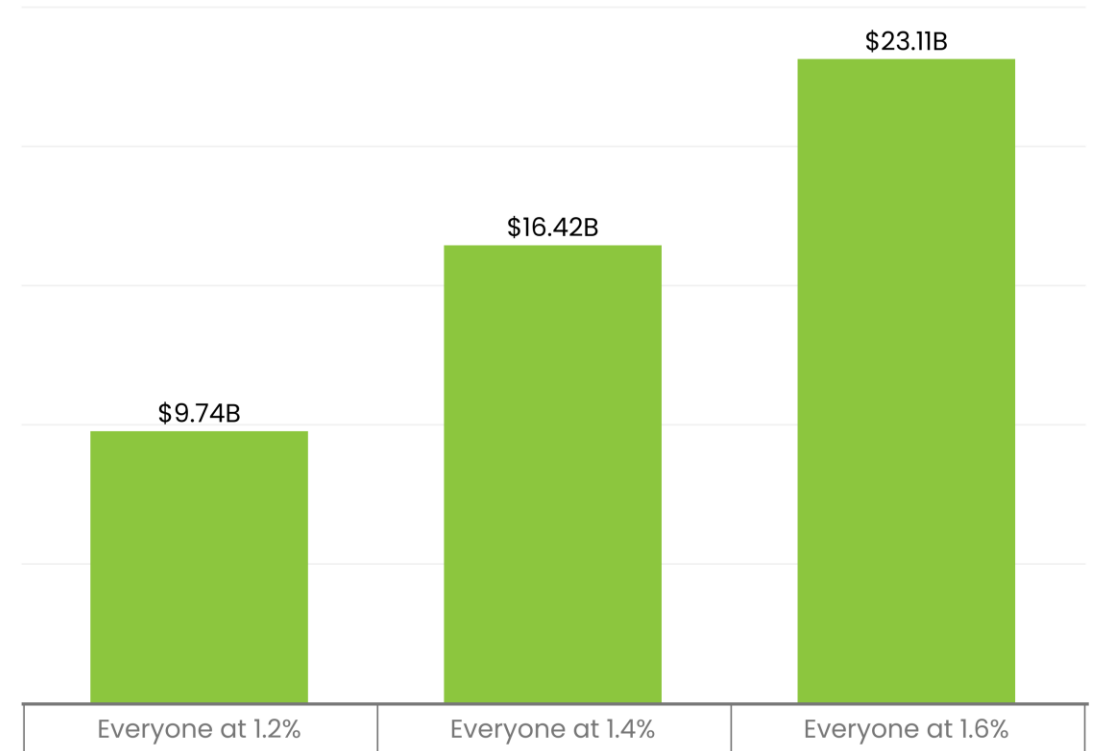


Sensitivity Test: Additional Sales Tax for Local Transit

Scenarios tested:

- All agencies at 1.2%
- All agencies at 1.4%
- All agencies at 1.6%

Increased Revenue Potential: 2030 to 2050



Source: Retail Sales from 2018–2050 Economic Forecast

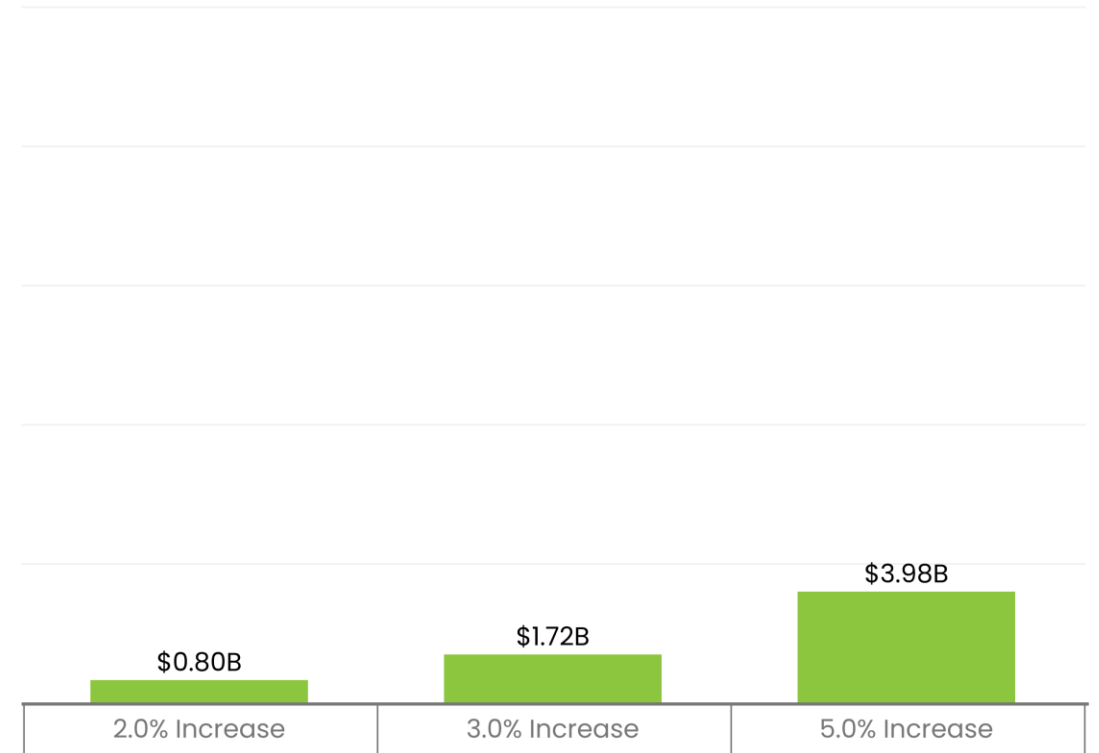


Sensitivity Test: Increase County Road Levy Cap

Scenarios tested:

- Increase to 2.0%
- Increase to 3.0%
- Increase to 5.0%

Increased Revenue Potential: 2030 to 2050



Source: BARS data



Revenue Potential of Combined Sources

Revenue Source	Scenario #1	Scenario #2	Scenario #3
Road Usage Charge	State RUC 2030 to 2050 \$10.0B	State RUC + Regional Overlay 2030 to 2050 \$22.0B	State RUC 2030 to 2040 + Regional Overlay 2040 to 2050 \$15.6B
Registration Fees	\$50 per vehicle \$3.9B	\$75 per vehicle \$5.9B	\$100 per vehicle \$7.8B
Motor Vehicle Excise Tax	0.5% MVET \$6.65B	1.0% MVET \$13.30B	1.5% MVET \$19.95B
Sales Tax for Local Transit	All Agencies at 1.2% \$9.74B	All Agencies at 1.4% \$16.42B	All Agencies at 1.6% \$23.11B
County Road Levy	Increase Annual Maximum Increase to 2.0% \$0.8B	Increase Annual Maximum Increase to 3.0% \$1.72B	Increase Annual Maximum Increase to 5.0% \$3.98B
Increased Revenue Potential	\$24B	\$53B	\$63B



Working Staff Option for Consideration

Revenue Source	Revenue Potential
Road Usage Charge	State RUC 2030 to 2040 + Regional Overlay 2040 to 2050 \$15.6B
Motor Vehicle Excise Tax	0.5% MVET \$6.65B
Sales Tax for Local Transit	All Agencies at 1.2% \$9.74B
County Road Levy	Increase Annual Maximum Increase to 3.0% \$1.72B
Increased Revenue Potential	\$34B



Next Steps

Winter 2025

- Land use / VISION 2050 level setting
 - Reminder of Regional Growth Strategy, growth assumptions, local planning underway
- State of the System
 - E.g., breadth and frequency of transit service, access throughout the region
- *Connecting the dots – future investments discussion*



Next Steps

Spring 2025

- Gathering proposed investments – programmatic and capacity projects
 - Financial implications – costs of proposed investments vs. estimated revenues
- Policy discussions
 - Regional Safety Action Plan, Comprehensive Climate Action Plan informing the RTP
 - Other policy direction



Next Steps

Summer 2025

- Identification of plan alternatives for analysis
 - Investment levels and types
 - ✓ *Programmatic – Operations, Maintenance & Preservation, Local Investments*
 - ✓ *Regional Capacity Projects*
 - ✓ *Policy Directives*
 - Refined financial strategy



Thank You!

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