



## King County

### Metropolitan King County Council Committee of the Whole

#### STAFF REPORT

<b>Agenda Item:</b>	5	<b>Name:</b>	Jeff Muhm
<b>Proposed No.:</b>	2017-B0220	<b>Date:</b>	November 1, 2017

#### **SUBJECT:**

Update on Puget Sound Taxpayers Accountability Account.

#### **SUMMARY:**

Today's agenda item builds on the September 20, 2017 discussion of the Puget Sound Taxpayers Accountability Account.

#### **BACKGROUND:**

**Puget Sound Tax Payer Accountability Account.** The Washington state legislature created an account in the state treasury called the Puget Sound Taxpayer Accountability Account (Account) as a part of the 2015 transportation funding legislation (SB 5987). The account will be funded by a sales and use tax offset fee of 3.25% of total payments made by Sound Transit on the cost of construction projects approved by voters in 2016 known as Sound Transit 3. State law exempts projects constructed with Sound Transit 3 funds from the state sales and use tax of 6.5%. State law also requires Sound Transit to pay the offset until \$518 million of payments are made to the account.

Funds from the Account are to be distributed to King, Pierce and Snohomish counties proportionally based on each county's population that lives within Sound Transit's jurisdictional boundaries. King County is estimated to receive \$315 million in total funding between now and 2035; however, the funding amounts are based on the construction timeline for Sound Transit 3 projects and results in uneven distribution of funds over the period.

Although significant funding won't be available until 2020, the Council adopted Motion 14923 to better understand how the funds can be used and to start the process of understanding unmet educational needs throughout King County.

**Estimated Distributions**  
**Puget Sound Taxpayer Accountability Account**  
**(dollars in thousands)**

Year	King	Pierce	Snohomish	Total
2018	\$ -	\$ -	\$ -	\$ -
2019	\$ 4,534	\$ 1,770	\$ 1,135	\$ 7,438
2020	\$ 5,519	\$ 2,155	\$ 1,382	\$ 9,055
2021	\$ 8,556	\$ 3,340	\$ 2,142	\$ 14,038
2022	\$ 7,638.46	\$ 2,982	\$ 1,912	\$ 12,532
2023	\$ 9,351	\$ 3,650	\$ 2,341	\$ 15,342
2024	\$ 15,561	\$ 6,075	\$ 3,895	\$ 25,531
2025	\$ 17,105	\$ 6,677	\$ 4,282	\$ 28,064
2026	\$ 13,302	\$ 5,192.83	\$ 3,330	\$ 21,825
2027	\$ 26,202	\$ 10,229	\$ 6,559	\$ 42,989
2028	\$ 37,429	\$ 14,611	\$ 9,369	\$ 61,410
2029	\$ 36,398	\$ 14,209	\$ 9,111	\$ 59,719
2030	\$ 25,711	\$ 10,037	\$ 6,436	\$ 42,183
2031	\$ 29,325	\$ 11,448	\$ 7,341	\$ 48,114
2032	\$ 29,799	\$ 11,633	\$ 7,459	\$ 48,892
2033	\$ 31,662	\$ 12,360	\$ 7,926	\$ 51,948
2034	\$ 17,625	\$ 6,881	\$ 4,412	\$ 28,918
2035	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 315,719</b>	<b>\$ 123,250</b>	<b>\$ 79,032</b>	<b>\$ 518,000</b>

Distribution of funds based on 2015 Sound Transit service area population distribution estimates

**Allowable Uses.** State law presents allows funding from the Account by counties to support educational services in a wide variety of educational arenas:

“Counties may use distributions form the account only for educational services to improve educational outcomes in early learning, K-12, and higher education including, but not limited to, for youths that are low-income, homeless, or in foster care, or other vulnerable populations.” (RCW 43.79.520.)

Below is further discussion on the allowable use of the funds.

- **Bonding.** Funds cannot be bonded. State law does not specifically permit bonding of the funds; and the funds are subject to appropriation by the legislature which could present obstacles if bonds supported by Account funds were proposed for sale on the municipal bond market.
- **Definition of Educational Services.** There is no statutory definition of educational services. Legal research is underway to determine if educational services includes both operating and capital aspects of educational services.

- **Leveraging Additional Funds/Public Private Partnerships.** The state law has no restrictions on the funds being used to leverage qualifying federal or private sector grants or loans. Legal analysis is underway to determine options for investing all or a portion of the funds to potentially extend the timeframe to use the funds.