

# King County Transportation District (KCTD) Executive Committee

## May 27, 2026

This document summarizes policy issues in Proposed Resolutions TD2026-01 and TD2026-02.

- **Sales tax: KCTD councilmanic sales tax for unincorporated area roads (TD2026-01)**  
A 0.1% sales tax would generate approximately **\$101.9 million per year** for 10 years based on the March 2026 OEFA forecast. This number is an average calculated in 2026 \$.
- **Pass-through to local jurisdictions (TD2026-01, Amendments 2A & 2B)**  
A 12.5% pass-through would allocate approximately **\$12.7 million per year** of the KCTD sales tax, minus administrative costs, to local jurisdictions. The amendments considered on May 15 would allocate this pass-through by city population.

See Attachment 1 for a flow chart showing how the various pass-through options could be implemented. See Attachment 2 for a spreadsheet showing illustrative examples of the pass-through options.

- **Minimum pass-through amount (TD2026-01, Amendment 2A)**  
Amendment 2A would set a **minimum pass-through amount of \$10,000** to any city. This means that the first \$390,000 of the total pass-through amount would be distributed equally to all 39 cities in King County. The remaining \$12.35 million of the total pass-through would then be distributed to the cities by population. (See Attachment 2)
- **Maximum pass-through amount (TD2026-01, Amendment 2A)**  
Amendment 2A would also set a **maximum pass-through amount of 15%**. That is, no single city could receive more than \$1.9 million per year of the total \$12.7 million pass-through. In this scenario, Seattle, the only city that would be affected, would receive \$1.9 million; the additional \$2.8 million that Seattle would have received if there was no maximum pass-through amount would be distributed by population to the other 38 cities. (See Attachment 2)

Amendment 1 to Amendment 2A would remove the 15% maximum. With a \$10,000 minimum but no maximum limit, Seattle could receive approximately \$4.67 million under a 12.5% pass-through scenario.

- **City Transportation Improvement Program (TD2026-01, Amendment 2A)**  
Amendment 2A would establish a City Transportation Improvement Program (CTIP) to distribute revenues to participating cities. If the KCTD remains an independent entity, either the KCTD, or the County, under contract to KCTD, would administer the CTIP. If the KCTD is assumed by the County, the County would administer the CTIP.

Cities would need to affirm each year that they wish to participate in the CTIP and would execute an interlocal agreement with KCTD or its successor entity. Revenues from cities that decline to participate would be distributed to KC Roads.

Administrative costs to develop and operate the CTIP have not been calculated and would

likely vary depending on the entity administering the CTIP and the complexity of the CTIP's requirements.

- **Direct pass-through to local jurisdictions (TD2026-01, Amendment 2B)**

Amendment 2B would authorize a direct pass-through of 12.5% of KCTD revenues to participating jurisdictions. Cities would need to affirm each year that they wish to receive KCTD revenues and would execute an interlocal agreement with KCTD or its successor entity. Revenues from cities that decline to participate would be distributed to KC Roads.

Administrative costs to distribute funds to local jurisdictions have not been calculated. A direct pass-through to cities would likely be less administratively complex than developing and administering the CTIP.

- **Allowed uses for cities (TD2026-01, Amendments 2A & 2B)**

Cities choosing to receive pass-through moneys must spend the moneys on projects or programs contained in on a statutorily recognized transportation plan.

Amendment 2A would limit cities' use of KCTD pass-through (through the CTIP) to roads and roadway related programs and projects.

Amendment 2B would allow cities to use their pass-through funds for any projects eligible under Ordinance 17746 (which created the KCTD), which could include roads, roadway, and transit related programs and projects.

- **Bellevue's tax-increment financing (TIF) project (TD2026-01, Amendment 2B (fixed TIF))<sup>1</sup>**

Amendment 2B (as adjusted) fixes the section on the interplay of TIF and Bellevue's allocated KCTD distribution. Each year of Bellevue's participation in KCTD pass-through, its KCTD allocation would be the difference of the 12.5% base less the TIF property tax dollar amount Bellevue would be entitled to receive under the TIF if there were no pass-through distribution. That "difference" would be directed to KC Roads Division. Specifically, KCTD would determine Bellevue's pass-through allocation as follows:

King County, through Ordinance 20061, pledged participation in Bellevue's TIF project to a maximum of \$30 million in support from King County property tax revenues between 2028 and 2051. The ordinance states that any King County property tax revenues apportioned to the TIF will be reduced by any revenues Bellevue receives from the KCTD in the previous year. But as in the early years of TIF, the TIF amount to Bellevue will be small, the estimated KCTD pass-through will wipe out any eligibility for Bellevue to get TIF.

Note that, as TIF does not start until 2028, so there would be no TIF set-off in 2027. Beginning in 2028, the amount of TIF apportioned revenues for each year, which but for Bellevue receiving KCTD pass-through moneys, Bellevue would be eligible to receive under the TIF ordinance, will be the amount that will be directed to KC Roads.

See Attachment 3 for an illustrative comparison of how the Bellevue allocation would be covered in different scenarios.

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<sup>1</sup> The new Amendment 2B provision regarding TIF, is to meet the directions the sponsor gave.

Under the new Amendment 2B, starting in 2032, Bellevue would be eligible to receive TIF revenues under the provisions of the TIF Ordinance (Ord. 20061). However, the TIF calculation and administration is under the County and would not affect the KCTD allocation to Bellevue as contemplated by the new Amendment 2B.

- **Administration of the KCTD (TD2026-02)**

If the KCTD approves a revenue source, it can choose to be assumed into King County or it can remain an independent entity. If it is assumed into King County, the County would administer the revenues and implement the programs to spend the revenues through regular county processes.

If the KCTD remains independent, it must establish systems and procedures to manage approximately \$101.9 million each year. Staff has identified a list of tasks to be accomplished if the KCTD remains independent.

See Attachment 4 for a list of tasks if the KCTD remains independent.

**Flood Control District example:** For comparison, in terms of remaining independent, the Flood Control District has an interlocal agreement (ILA) with King County<sup>2</sup> that extends until 2027 and covers the responsibilities of the District and the County for the District's \$160 million annual budget. Specifically:

- The District has three dedicated staff: Executive Director, Deputy Director, and Administrator/Clerk.
- The District participates in King County's central rates for internal services.
- The District contracts with the King County Legislative Branch for rent, Clerk and public records support, KCTV, phones, and administrative support.
- The District retains its own legal counsel and contracts for a portion of the time of the Chief of Staff for each County Councilmember, which allows for privileged communication between the District's counsel and Supervisors' staff.
- The District retains its own accountant, who manages the State Audit process and provides quality control of the County's invoices.
- The District retains its own communications support.
- The District contracts with King County for all project work, including management of the District's city pass-through and grant programs. The County has determined the majority of the contract will be carried out by the Department of Natural Resources and Parks(DNRP).
- The District estimates it spends 2% of its budget on internal administrative overhead. Programmatic administrative costs (for instance, to manage District grants) are incorporated into the agreement with King County and not separately tracked by the District.

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<sup>2</sup> FCD2021-06