FAQ's regarding transportation in the Puget Sound Region

4. What are the trends of spending on transportation over time?

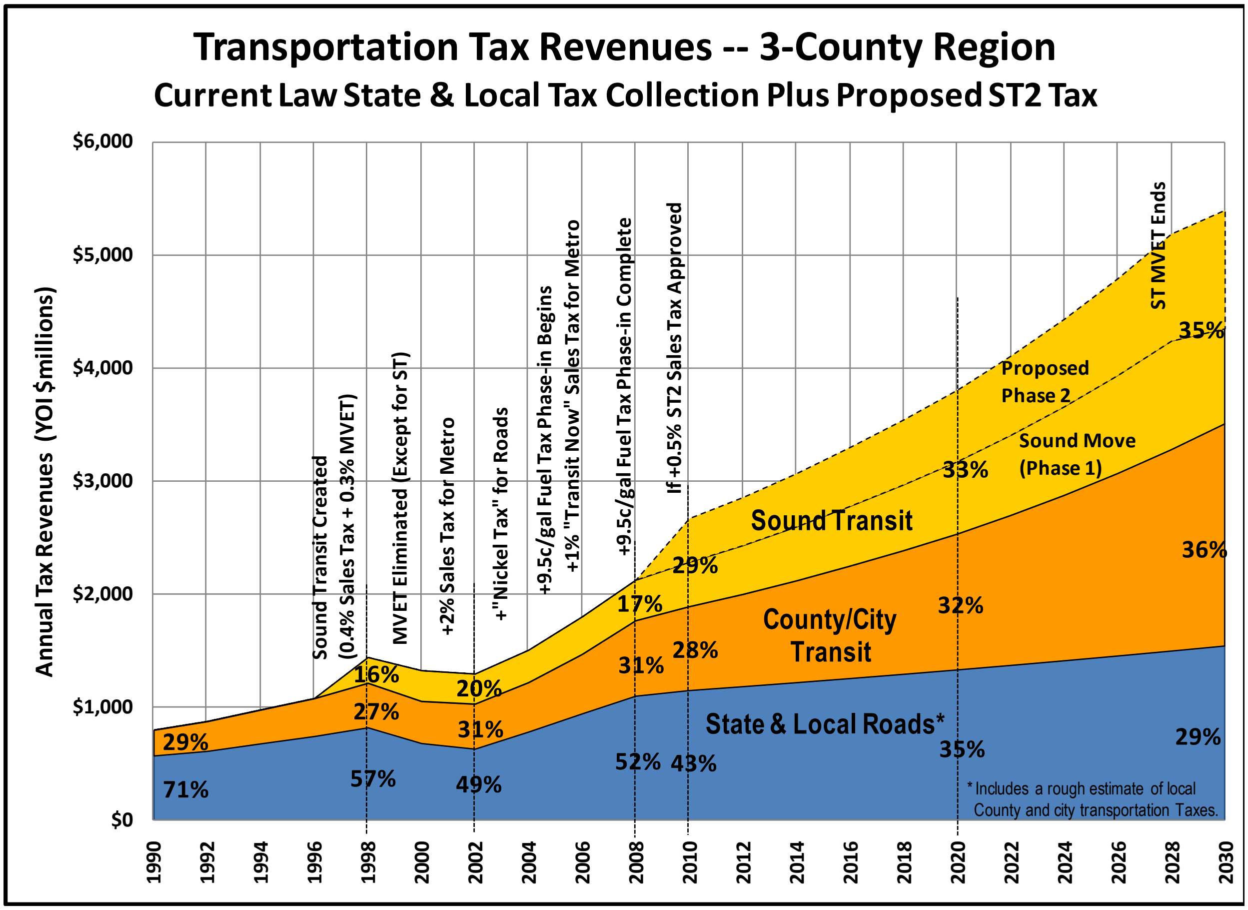
There is a myth that highway taxes generate huge revenues, and some of those revenues should be shifted to transit use. That is no longer the case. The first chart below shows state and local tax revenue history for the three-county Central Puget Sound region, the future projections under current law in terms of actual income dollars, and the added effect of the pending Sound Transit Phase 2 +0.5% sales tax increase. Included in the "State and Local Roads" revenue estimates are rough estimates of the local county and city road taxes that are collected in addition to what those jurisdictions receive from state fuel taxes and weight fees.

In 1990 71% of our state and local transportation tax dollars in the three-county region went to roads and 29% went to transit. At that time public transit served about 3.5% of total weekday person travel, and about 6% of peak period travel. As of today (2008) the roads/transit funding ratio is about 50/50, even with the recent fuel tax increases fully implemented. With the added effect of fuel prices, the transit shares have merely regained the levels served in 1990.

If no further adjustments are made to road revenue sources, State and local road tax revenues will decline to only 35% of current law transportation revenues by 2030. If the proposed ST2 tax increase is approved, road tax funding will further decline to only 29% of total state and local transportation tax funding by 2030, as shown on the chart. The transit share of transportation tax funding will continue to increase from 57% in 2010 to 71% by 2030. Despite this greatly disproportionate share of transit spending, the PSRC currently estimates that transit will be serving only about 5% of total motorized travel by 2030 and about 8% of peak period travel by 2030.

Highway tax revenues are based upon fixed rate fuel taxes and weight fees that do not increase with inflation. Transit taxes come from sales taxes that grow at 1.5 times the rate of inflation. The second chart perhaps better illustrates the comparison of road and transit funding with all estimates adjusted to constant 2008$. Note how the fuel tax and weight fee increases over the past five years have only brought road funding back to the 1990 buying power. After 2008 road funding will go back into its downward slide against inflation and reduced fuel consumption by a more fuel-efficient vehicle fleet. That loss to road funding will continue to shift to transit with its inflation-resistant sales tax funding.

The state, three counties and every city in the region have extensive lists of unfunded road projects. If demand-responsive priorities were to be placed on transportation spending, there is little doubt that this greatly disproportionate highway/transit spending forecast must be corrected. No matter how we may wish the automobile to go away, the best PSRC prediction for 2030 is that over 90% of all motorized person travel during peak periods must be served by automobiles. Even with extensive light rail provision, over two-thirds of all transit travel must be accommodated by buses on the road system. And most importantly, 100% of essential freight movement must be accommodated by the road system.


Transportation Tax Revenues -- 3-County Region
Current Law State & Local Tax Collection Plus Proposed ST2 Tax
Annual Tax Revenues (YOI $millions)
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
Sound Transit Created (0.4% Sales Tax + 0.3% MVET)
MVET Eliminated (Except for ST)
+2% Sales Tax for Metro
+"Nickel Tax" for Roads
+9.5c/gal Fuel Tax Phase-in Begins
+1% "Transit Now" Sales Tax for Metro
+9.5c/gal Fuel Tax Phase-in Complete
If +0.5% ST2 Sales Tax Approved
ST MVET Ends
Proposed Phase 2
Sound Move (Phase 1)
Sound Transit
County/City Transit
State & Local Roads*
71%
29%
57%
27%
16%
49%
31%
20%
52%
31%
17%
43%
28%
29%
35%
32%
33%
29%
36%
35%
* Includes a rough estimate of local County and city transportation Taxes.
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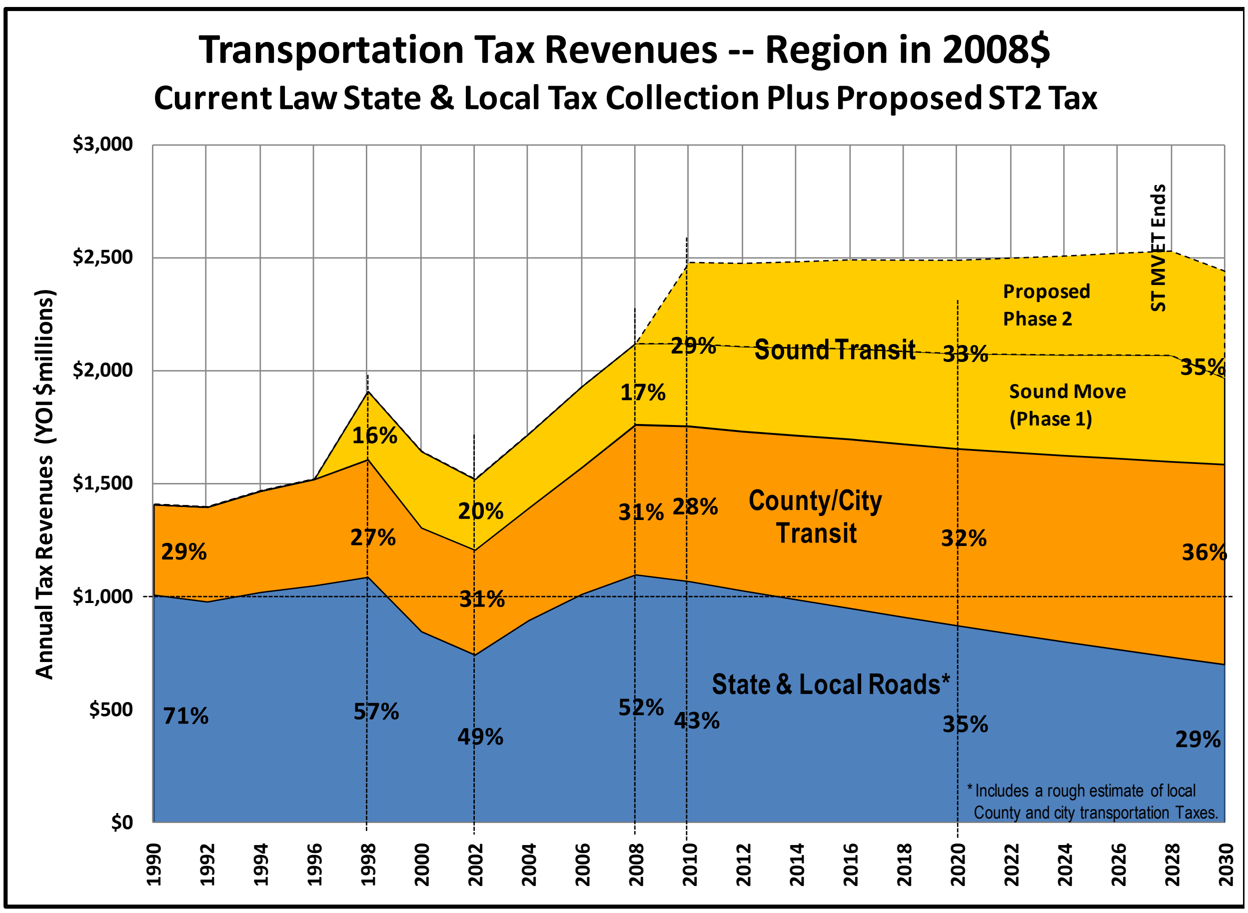
Transportation Tax Revenues -- Region in 2008$
Current Law State & Local Tax Collection Plus Proposed ST2 Tax
Annual Tax Revenues (YOI $millions)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
ST MVET Ends
Proposed Phase 2
Sound Move (Phase 1)
Sound Transit
County/City Transit
State & Local Roads*
71%
29%
57%
27%
16%
49%
31%
20%
52%
31%
17%
43%
28%
29%
35%
32%
33%
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* Includes a rough estimate of local County and city transportation Taxes.
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