

Regional Transportation Plan Financial Strategy

Transportation Policy Board
November 13, 2025



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

- Continued discussion of RTP financial strategy
 - New revenue potential and implementation issues
 - Review of additional background information
 - Review and discussion of proposed staff approach



Key Reminders

- The plan must include *all* expected investments into the future and identify revenues to fund them
- New or increased revenues may be assumed into the future, but must include a rationale and strategies for ensuring availability
- Cities and local transit agencies continue to have the highest gaps in available revenues compared to needs



Approach for Potential New Revenue Sources

- Focus on those sources that can be implemented consistently across the region and that are more likely to generate greater potential revenue
- Five sources identified:
 - Road usage charge
 - Increased vehicle fees
 - Increased sales tax rates for local transit
 - Increased county road levy
 - Retail delivery fee



Current Distribution Background

Applying current distribution methods may not meet the needs:

- Gas tax = 80% state, 20% counties/cities
- Vehicle fees = 68% state, 28% counties/cities, 4% local transit
- Transit sales tax = between 0.6% and 1.2% for local transit
- Property tax = capped at 1% annual growth



Feedback to Date

October TPB discussion points:

- Sales tax rates are already high, some cities may be “maxed out”
- Is it realistic to assume a different distribution methodology for the RUC?
- Different jurisdictions will, and need to, use different tools
- Concerns about sources that are regressive and how to improve
- Be bold but realistic



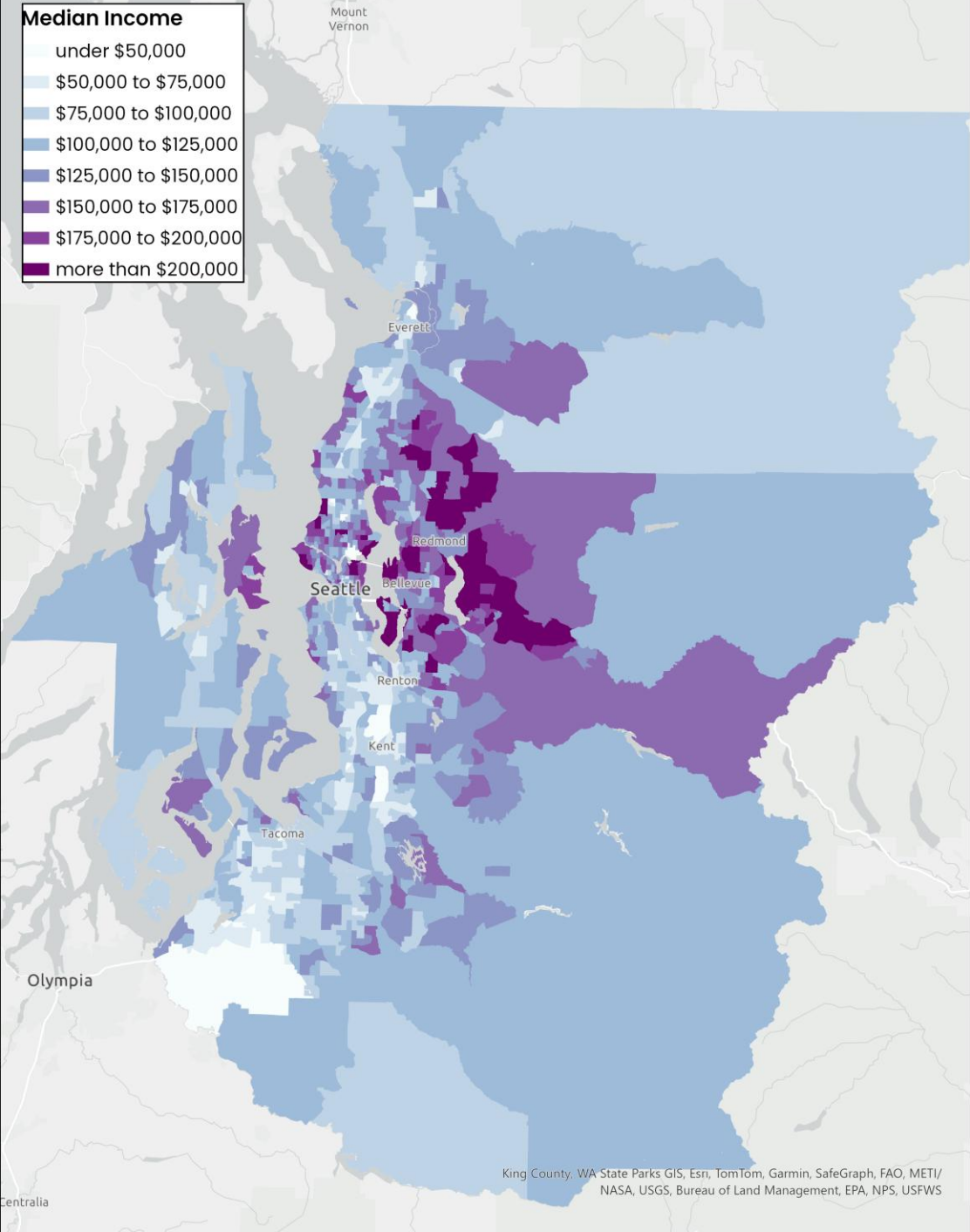
Additional Background Information

- Median household income around the region
- Median home values around the region
- Amount and percent of annual household costs spent on the public transportation system
- Sales tax rates by county and cities
- Breakdown of vehicle fees
- Sound Transit and County Road Levy property fees
- Growing electric vehicle shares
- Gas taxes per household around the region



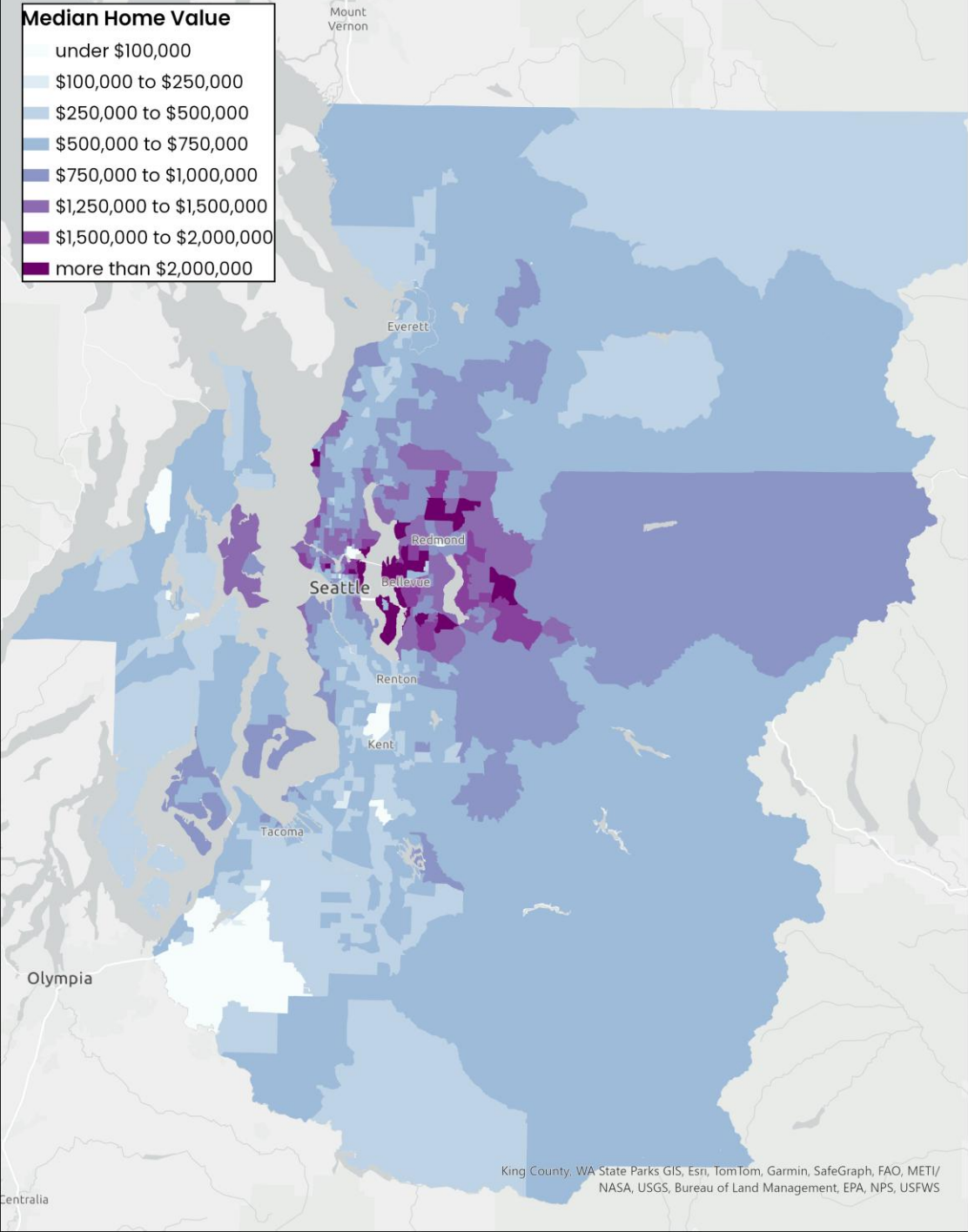
Median Household Income

County / Equity Focus Area	Median Income
King	\$122,150
Kitsap	\$98,550
Pierce	\$96,630
Snohomish	\$107,980
People of Color	\$115,150
People with Limited Income	\$23,740
People with Limited English	\$62,600
Older Adults	\$82,370
Youth	\$141,660
People with a Disability	\$82,480
Region	\$111,860



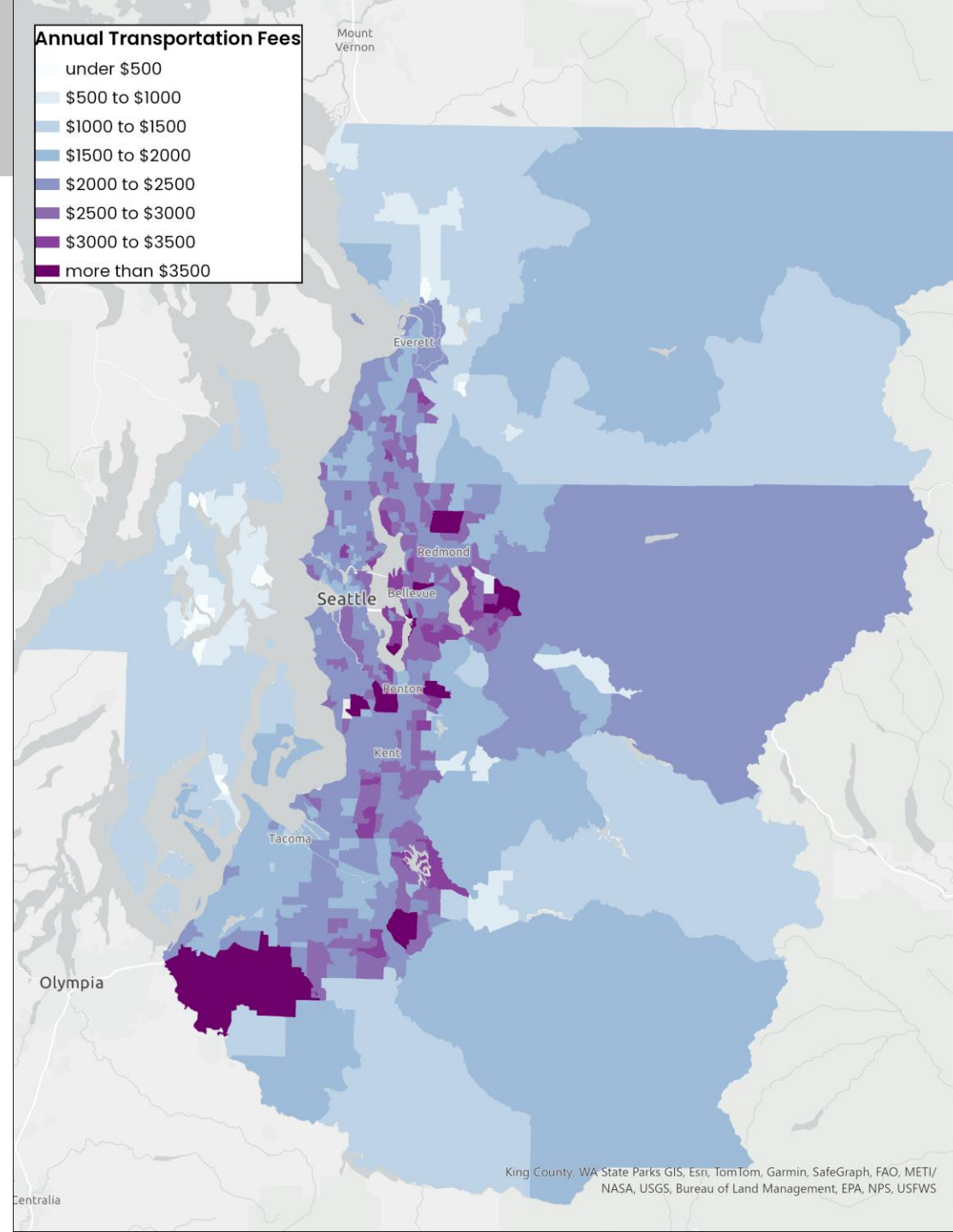
Median Home Value

County / Equity Focus Area	Median Home Value
King	\$811,200
Kitsap	\$505,700
Pierce	\$484,400
Snohomish	\$644,600
People of Color	\$600,000
People with Limited Income	\$430,000
People with Limited English	\$530,000
Older Adults	\$537,000
Youth	\$650,000
People with a Disability	\$500,000
Region	\$575,000



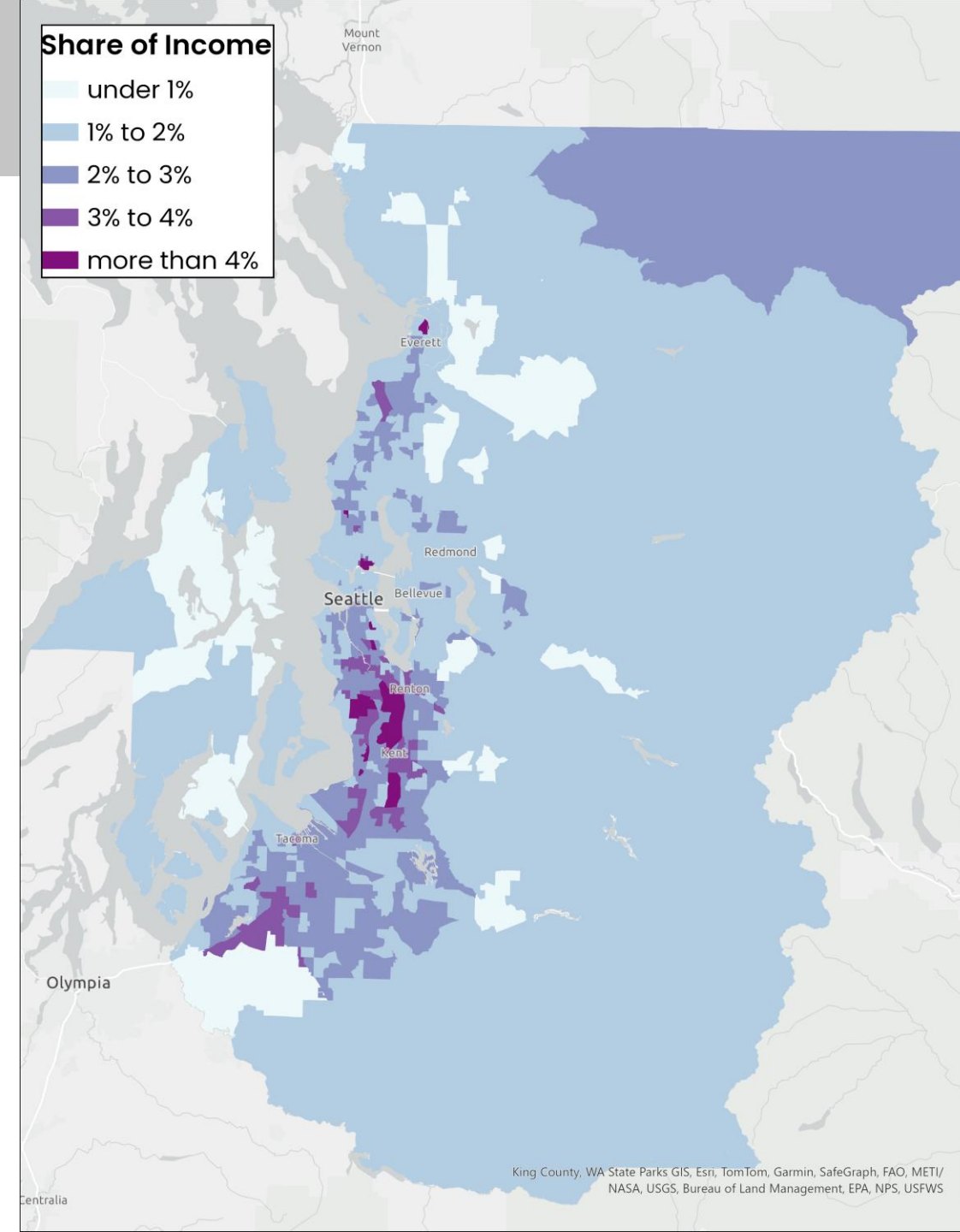
Annual Transportation Taxes / Fees per Household

County / Equity Focus Area	Annual Taxes / Fees
King	\$2,280
Kitsap	\$830
Pierce	\$1,900
Snohomish	\$1,720
People of Color	\$2,200
People with Limited Income	\$1,870
People with Limited English	\$2,270
Older Adults	\$1,900
Youth	\$2,070
People with a Disability	\$1,770
Region	\$2,010



Percent of Income Spent on Transportation Taxes/Fees

County / Equity Focus Area	% of Median Income
King	1.9%
Kitsap	0.8%
Pierce	2.0%
Snohomish	1.6%
People of Color	1.9%
People with Limited Income	7.9%
People with Limited English	3.6%
Older Adults	2.3%
Youth	1.5%
People with a Disability	2.1%
Region	1.8%

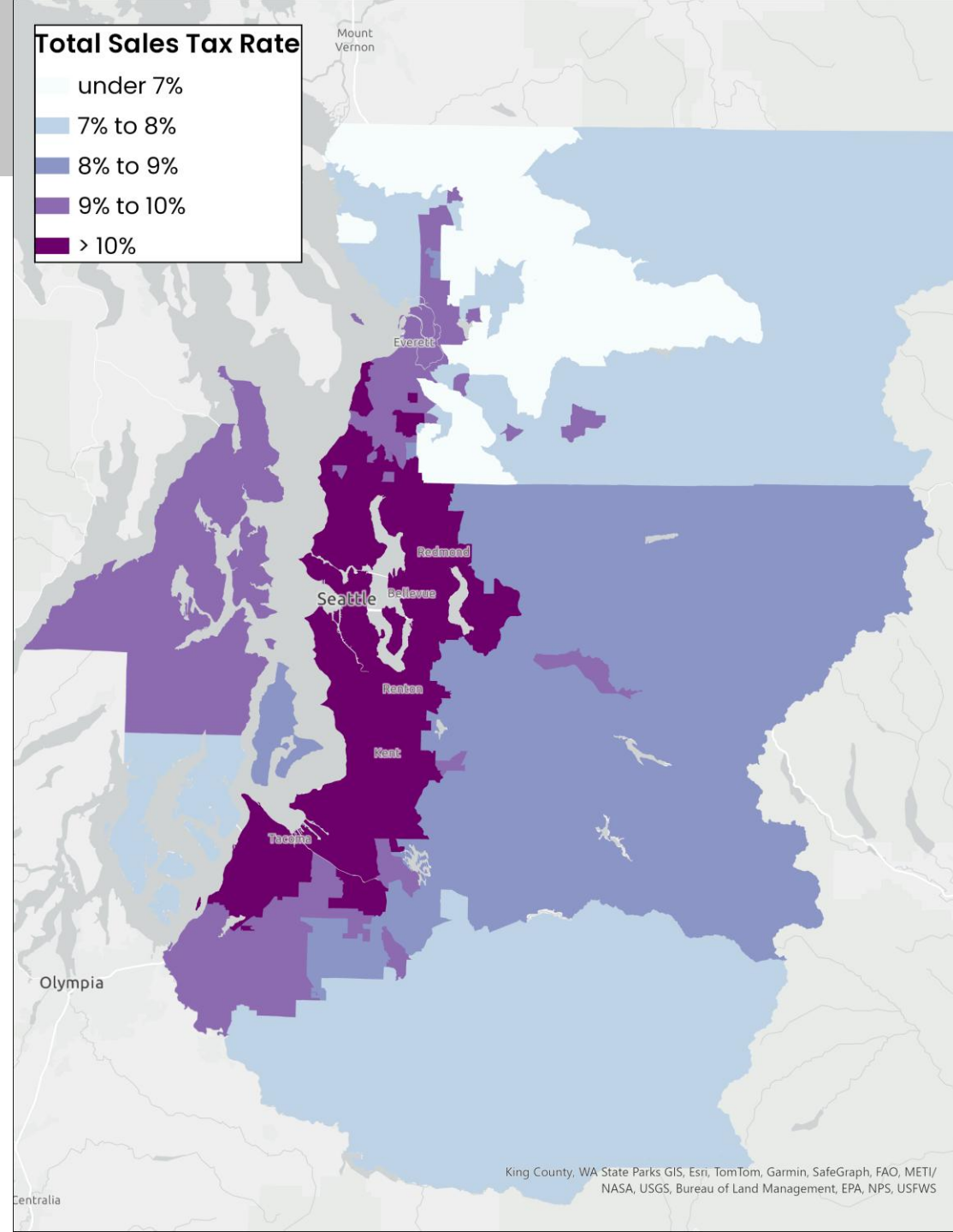


Total Sales Tax Rate

The average Sales Tax in the region was **9.7%** in 2024. The highest is **10.6%**.

Sales tax can include:

- State: 6.5%
- Local Transit District: 0.6% to 1.2%
- Sound Transit: 1.4%
- Transportation Benefit District: 0.1% to 0.3%
- Other uses: 0.2% to 1.7%



Sales Tax for Transportation

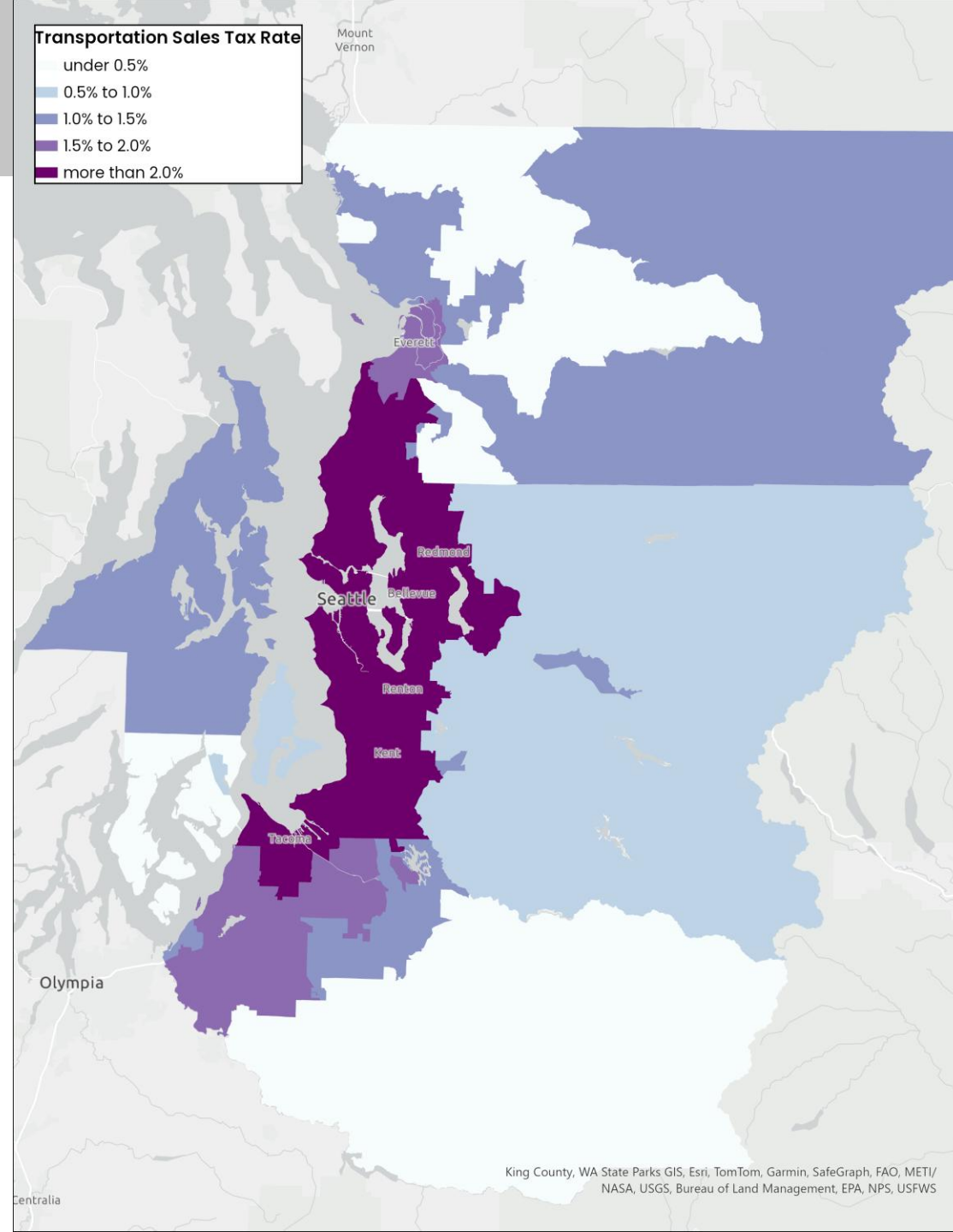
The average Sales Tax for Transportation was **1.9%** in 2024.

Local Transit District:

- Community Transit: 1.2%
- Everett Transit: 0.6%
- King County Metro: 0.9%
- Kitsap Transit: 1.1% (0.3% for Ferries)
- Pierce Transit: 0.6%

Sound Transit: 1.4%

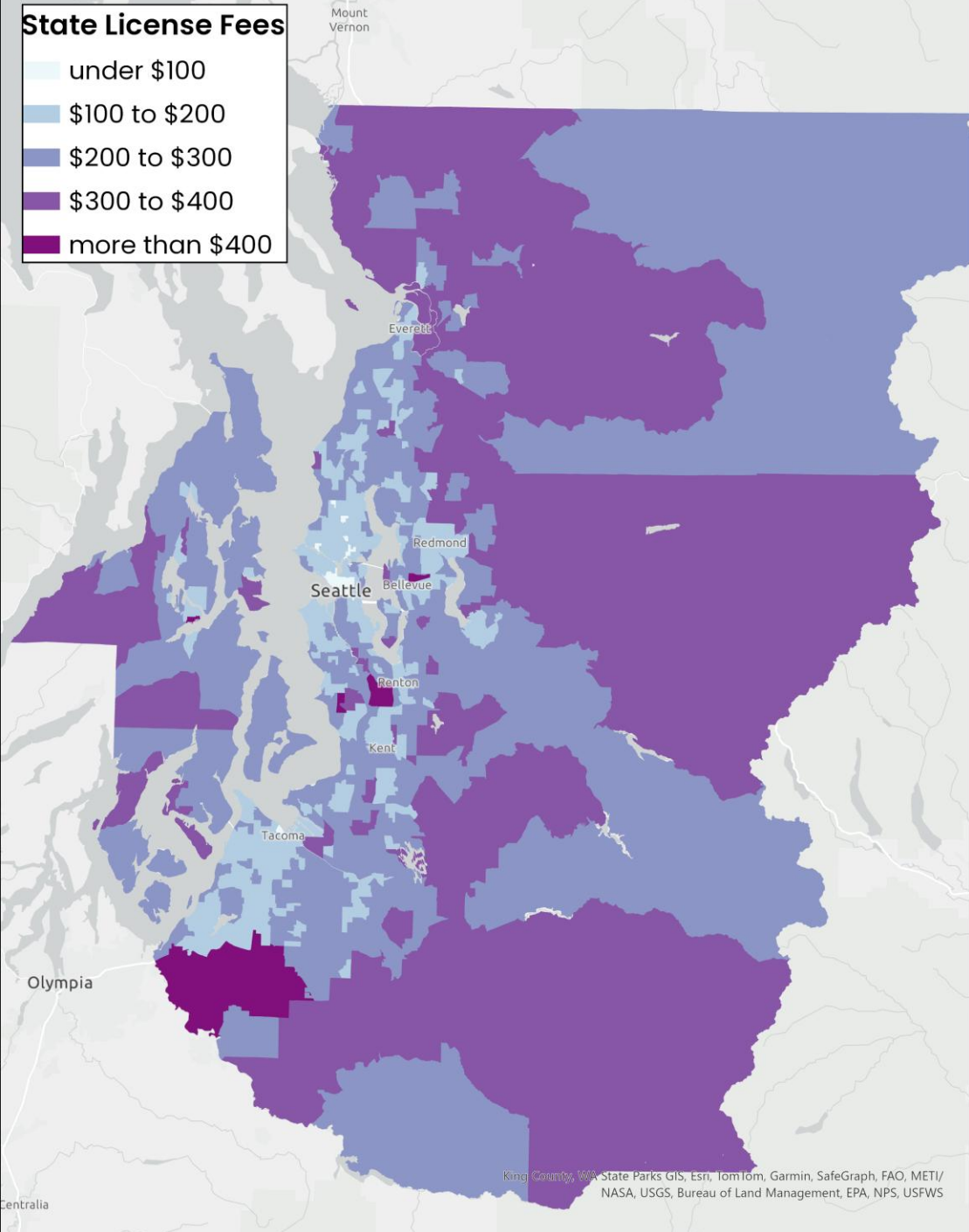
30 cities have a sales tax TBD: 0.1%–0.3%



State Vehicle Fees

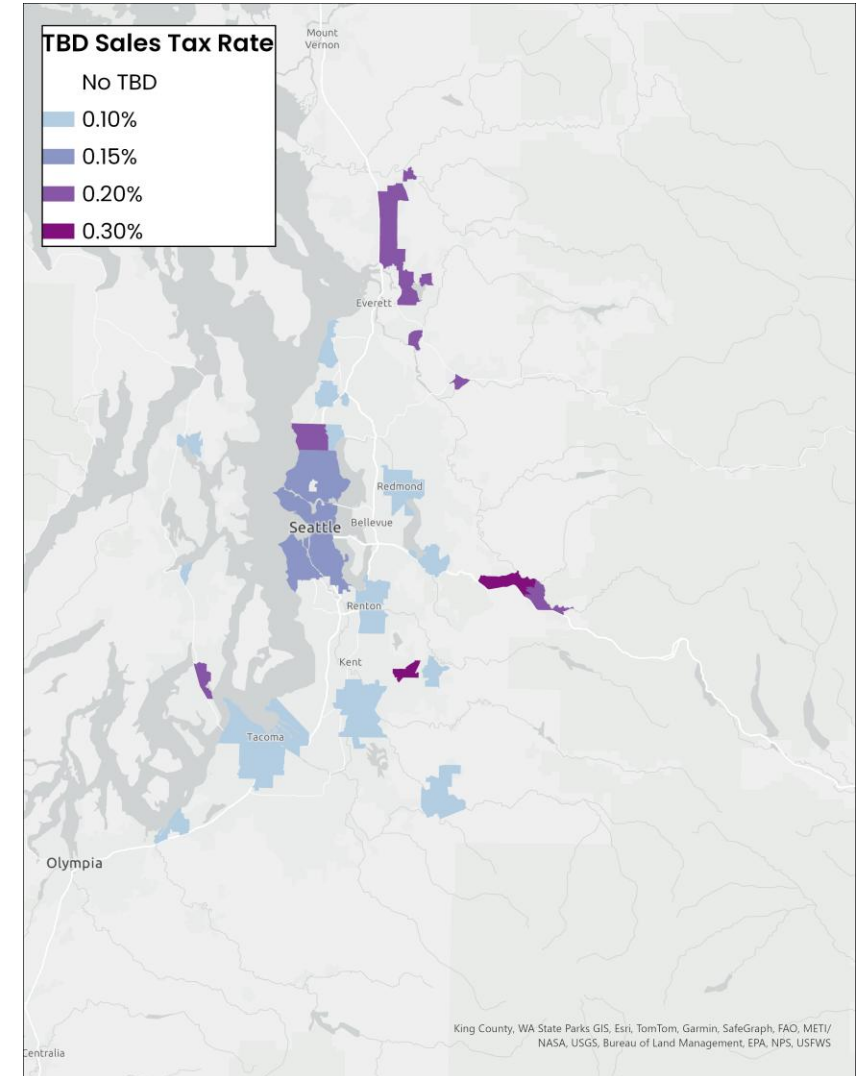
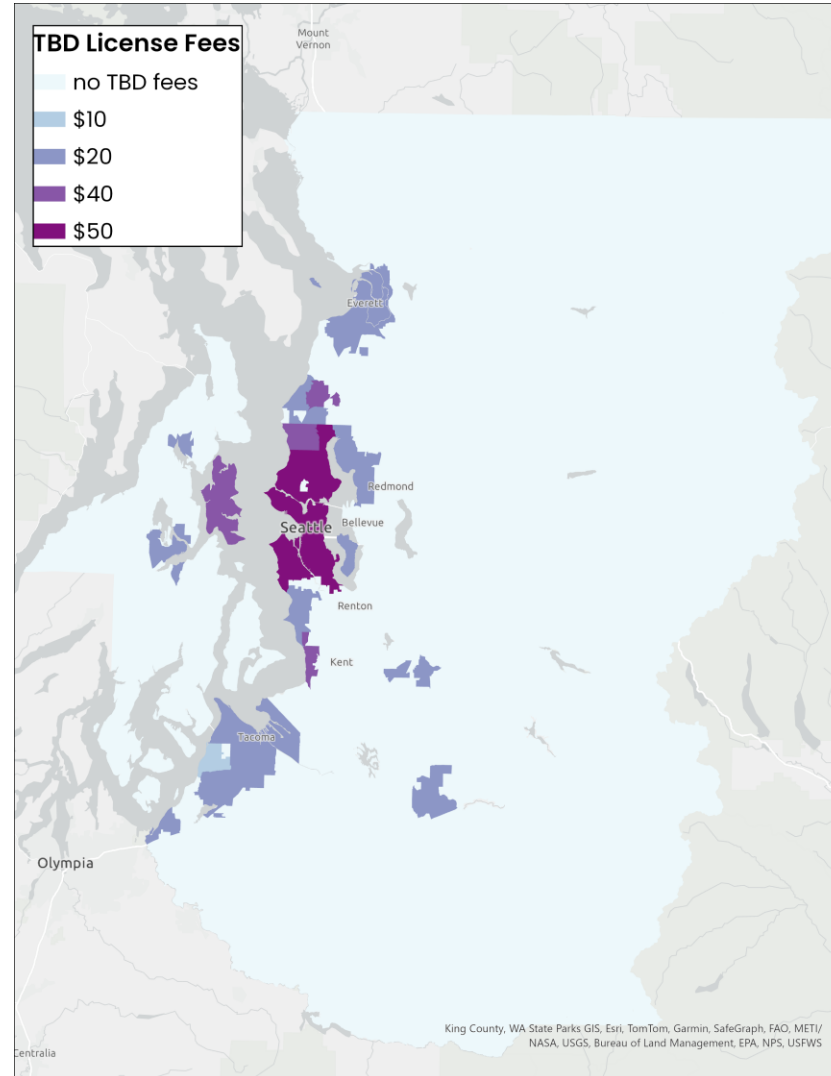
The average household paid **\$215** in state license fees in 2024:

Fee Type	Fee
Registration Filing Fee	\$4.50
License Tab Fee	\$30
Registration Service Fee	\$8
Additional Weight Fee (under 12,000lbs)	\$10
Electric Vehicle Fee	\$100
Electric Vehicle Fee	\$50
Electric Motorcycle Fee	\$30
Gross Weight Fee (based on vehicle weight)	\$53 to \$350
License Service Fee	\$0.75



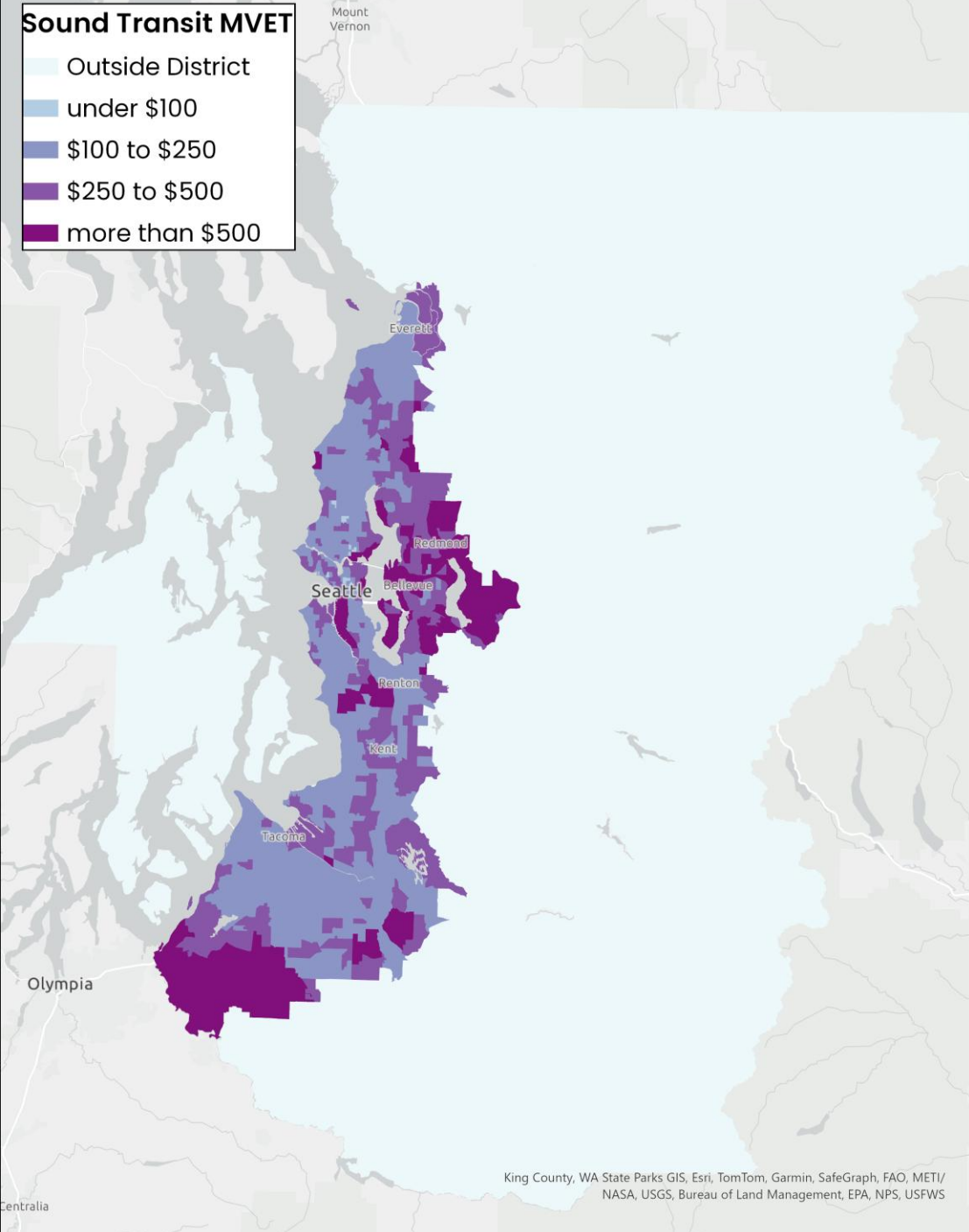
48 Cities have a TBD License Fee or Sales Tax

- 32 cities have a TBD license fee: \$20–\$50
(in addition to the 30 cities with a TBD sales tax, and not mutually exclusive)
- The average household paid **\$22** in TBD license fees in 2024:



Sound Transit MVET

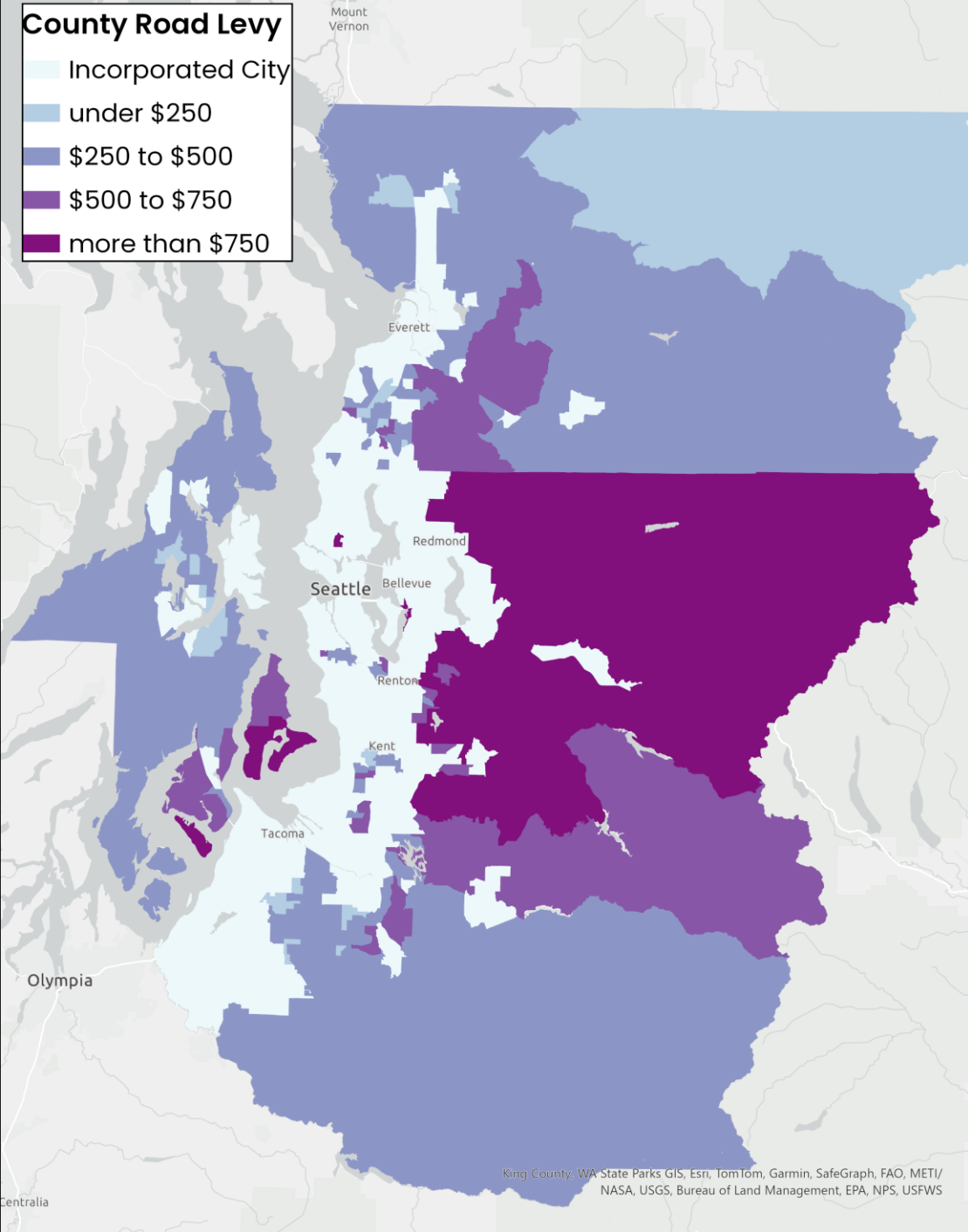
The average household paid **\$227** in ST MVET fees in 2024



County Road Levy

The average household paid **\$141** for the county road levy in 2024:

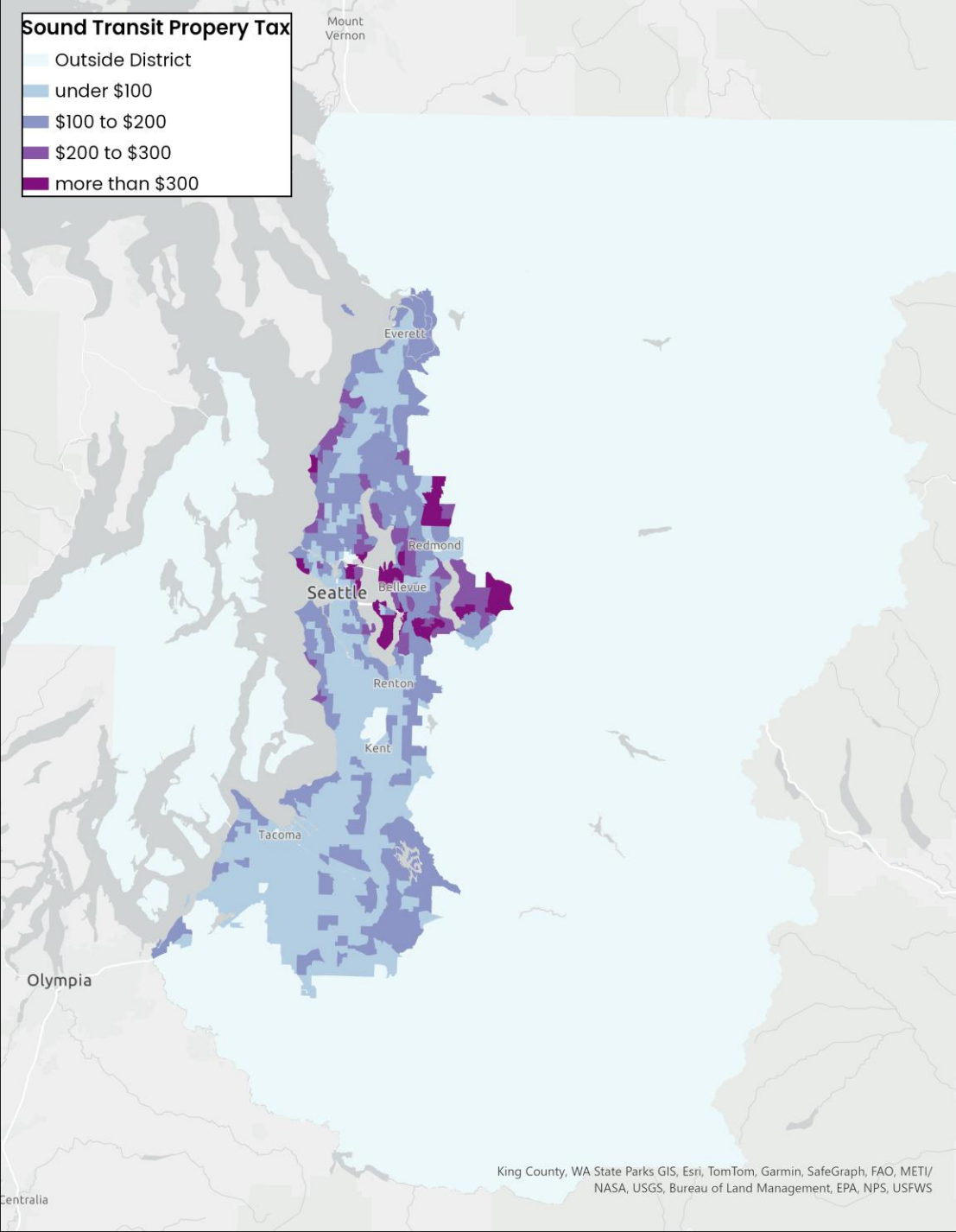
County	Rate / \$1000
King County	\$1.31
Kitsap County	\$0.81
Pierce County	\$0.96
Snohomish County	\$0.78



Sound Transit Property Tax

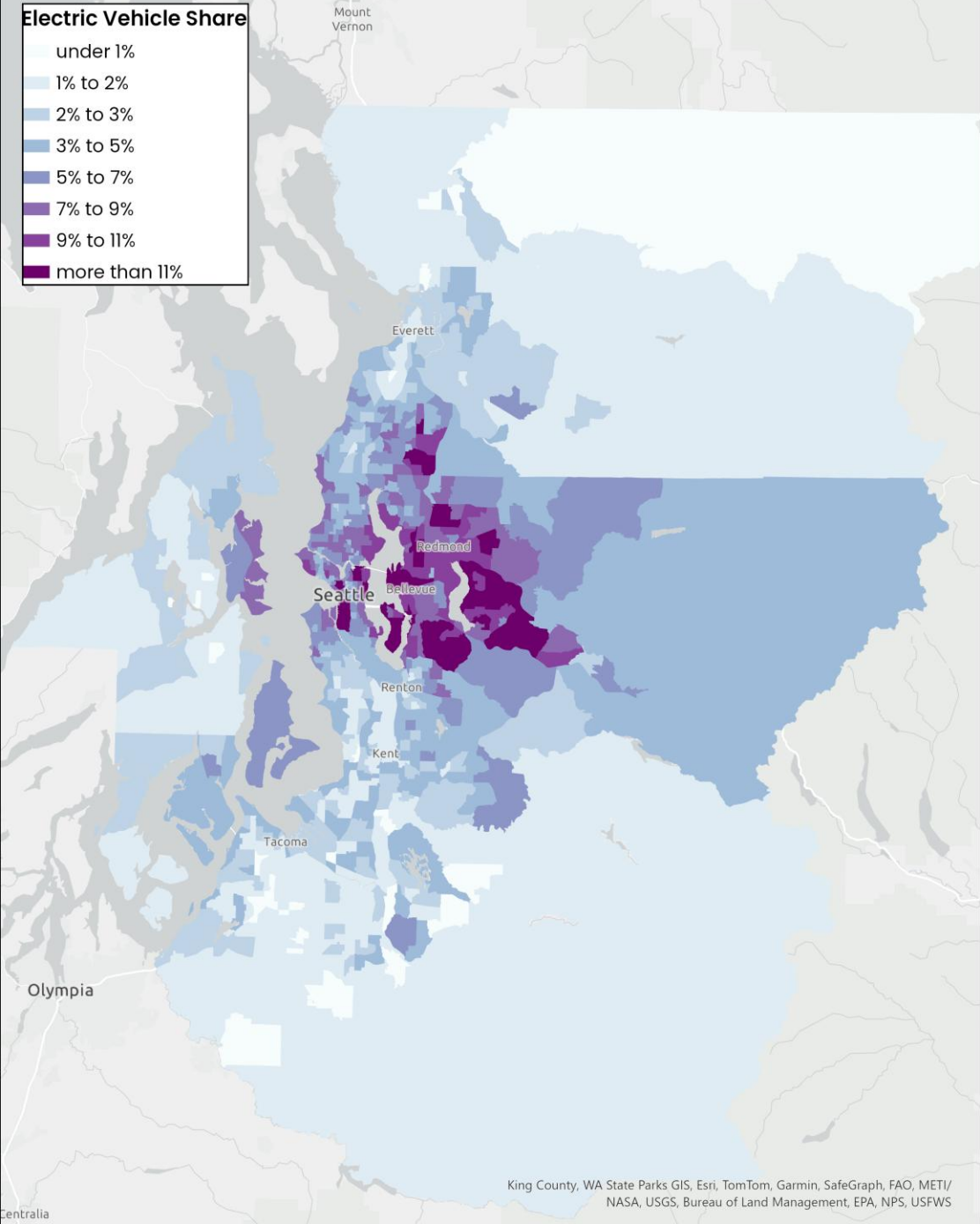
The average household paid **\$83** in property taxes for Sound Transit in 2024:

County	Rate / \$1000
ST District	\$0.25



Electric Vehicle Share

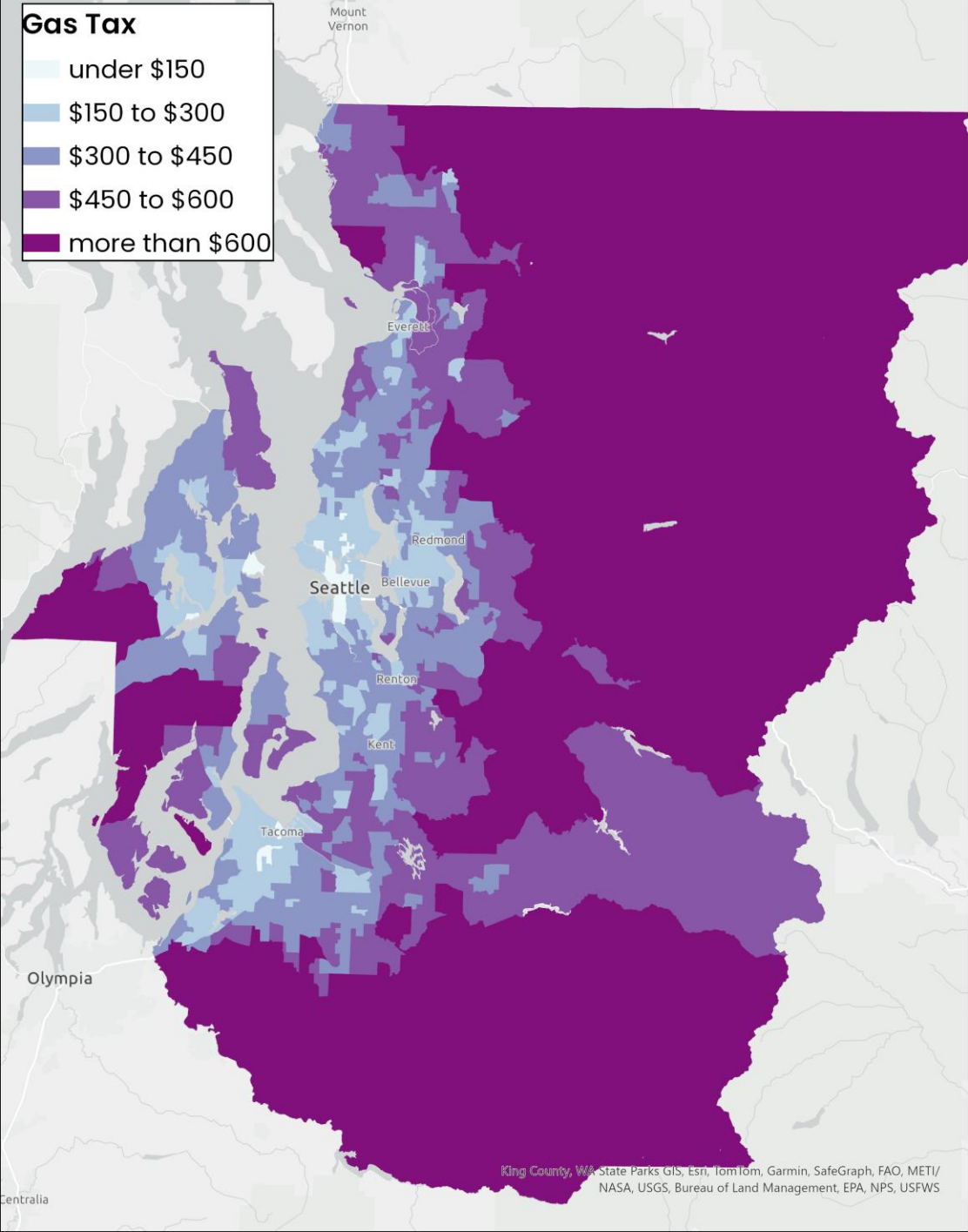
County / Equity Focus Area	Electric Vehicle Share
King	5.9%
Kitsap	2.3%
Pierce	2.1%
Snohomish	3.4%
People of Color	4.5%
People with Limited Income	2.6%
People with Limited English	4.5%
Older Adults	4.1%
Youth	4.3%
People with a Disability	2.6%
Region	4.3%



Gas Tax

The average household paid **\$349** in gas taxes in 2024:

Type	Rate per Gallon	Avg Cost per HH
State	\$0.554	\$250
Federal	\$0.184	\$99



RTP Financial Strategy – Proposed Approach

- Concerns have been raised about increased household costs and equity, particularly disproportionate burdens for certain communities
- There are different impacts and considerations around the region: income levels, property values, tax/fee rates, as well as levels of transportation services

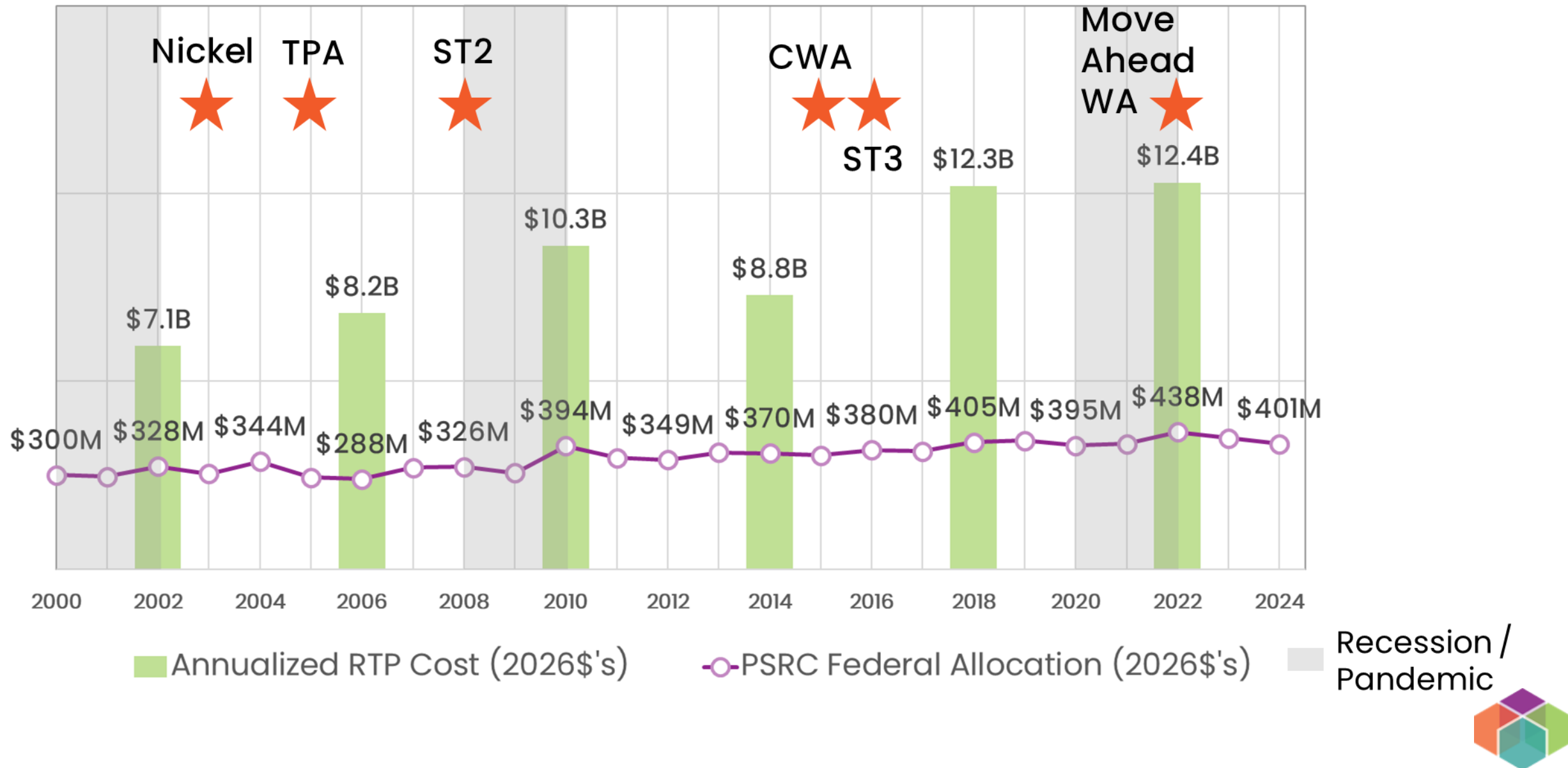


RTP Financial Strategy – Proposed Approach

- Different combinations of the five potential new revenue sources can raise enough to fund the \$49 billion gap
 - ❖ The average household would spend \$2,890/yr on public transportation costs
- There are implementation issues that will have to be addressed:
 - ❖ Changes to existing distribution methodologies to address the higher gap for cities and local transit
 - ❖ Consideration of equity and disproportionate burdens



RTP Financial Strategy – New Revenues Through Time



RTP Financial Strategy – Proposed Approach

- The RTP financial strategy does not need to identify one solution or set of rates
- The proposed approach would identify options for each revenue source – recognizing the diverse needs and conditions around the region
- The proposed approach would also identify key steps necessary to implement each revenue source, including:
 - Authorizing agency, policy and implementation issues, action steps moving forward



RTP Financial Strategy – Road Usage Charge

Road Usage Charge

- Options = Rates between ~\$.03 / mile (State level gas tax replacement) and ~\$.06 / mile
 - Can raise between \$15–\$30 billion
- Policy issues:
 - Change in state / local split from gas tax
 - Allow broader uses – e.g., maintenance & preservation across all sponsor categories (not just roads)
 - Equity implications



RTP Financial Strategy – Transit Sales Tax

Transit Sales Tax Rates

- Options = Increase in rates for all agencies between 0.3% up to the maximum of 1.2% by 2050
 - Can address ~50%–60% of the total gap
 - Different gaps across agencies
- Policy issues:
 - King County Metro has a significantly higher gap
 - Other sources – vehicle fees, road usage charge – would be required



RTP Financial Strategy – Vehicle Fees

Vehicle Fees

- Options = Increase vehicle fees between \$50 – \$100 annually
 - Can raise between \$5–\$10 billion
- Policy issues:
 - Can be regressive – not based on value or age of vehicle, everyone pays the same
 - However, fees can be distributed to state, local and transit agencies



RTP Financial Strategy – County Road Levy

County Road Levy

- Options = Increase the cap from 1% to 2-3%
 - Can raise between \$2-\$3.5 billion
 - Varies depending on county, does not fully address gap
- Policy issues:
 - Only applies in unincorporated areas



RTP Financial Strategy – Retail Delivery Fee

Retail Delivery Fee

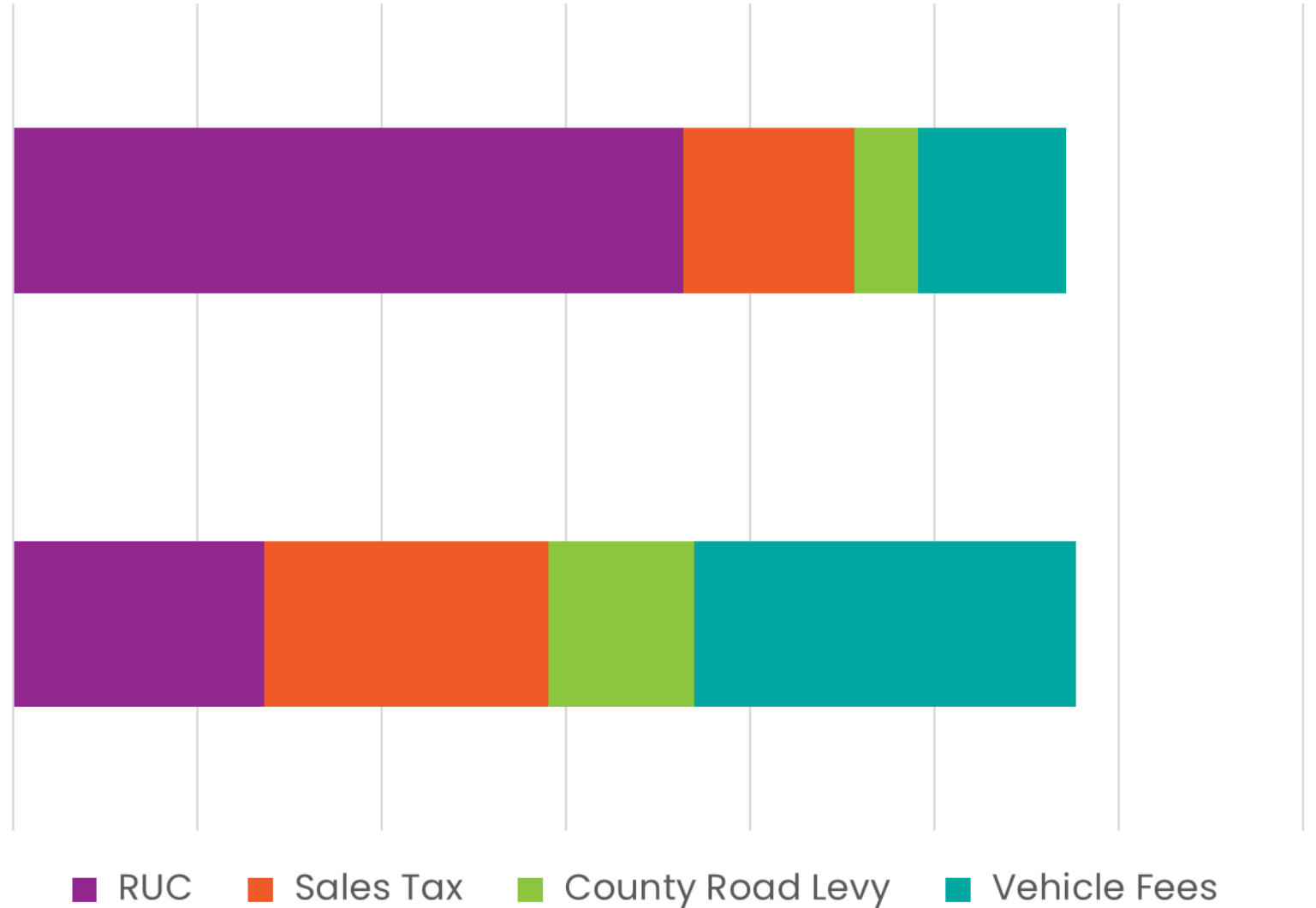
- Options = New fee, based on state-studied rates
 - Can raise between \$0.6–\$1.0 billion within the region
- Policy issues:
 - Concerns raised about equity, disproportionate impacts
 - State study suggested an order threshold below which the fee would not apply



RTP Financial Strategy – Revenue Scenarios

❖ Higher share of revenue from user fees

❖ Focus on traditional sources



RTP Financial Strategy – Approach & Next Steps

Summary of proposed approach and next steps:

- The draft plan will describe the five potential new revenue sources and their potential revenue generation across the options discussed today
- Key policy issues will be identified as well as steps required to implement / authorize each source
- The ability to fill the funding gaps by agency category will be described



RTP Financial Strategy – Approach & Next Steps

Summary of proposed approach and next steps:

- All other potential revenue sources, beyond the identified regionally consistent sources, will also be noted
- Specific action items for PSRC and other agencies will be described at the board's direction
 - For example: future PSRC work program to advance transportation funding options, particularly to address local needs, in collaboration with state, regional and local partners



Thank You!

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Puget Sound Regional Council