

# Regional Transportation Plan Financial Strategy

Transportation Policy Board  
October 9, 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.*

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# Today's Presentation

- Financial strategy requirements and background
- Preliminary approach for new revenue sources
- Previous sensitivity analyses
- Additional background
- Upcoming discussion details



# RTP Financial Strategy Requirements

*The plan must identify reasonably available sources and revenues to fund all investments in the plan – capital, operations and maintenance – for a financially constrained plan*

- The financial strategy is not an adopted budget – it is a general plan with reasonable assumptions
- Assumptions of new or increased revenues must include strategies for ensuring availability
  - This can include necessary local or state legislative actions



# Reminder: The Gas Tax is a Declining Revenue Source

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.



# RTP Proposed Investments vs. Available Revenues

- There are stark differences in the revenue gap across sponsor categories

Sponsor Category	Percentage Gap
Counties	12%
<b>Cities</b>	<b>45%</b>
<b>Local Transit</b>	<b>29%</b>
Regional Transit	0%
Washington State Ferries	8%
Washington State DOT	7%



# Preliminary Approach for Potential New Revenue Sources

- From prior discussions, 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



# Previous Sensitivity Tests – Low, Medium, High Ranges

Revenue Source	Low	Medium	High
Road Usage Charge	State RUC (\$0.027)	2 x State RUC	3 x State RUC
	\$15.15 billion	\$30.29 billion	\$45.44 billion
Vehicle Fees	\$50 additional	\$100 additional	\$150 additional
	\$4.80 billion	\$9.60 billion	\$14.40 billion
Sales Tax for Local Transit	All agencies at 1.2%	All agencies at 1.4%	All agencies at 1.6%
	\$11.08 billion	\$18.45 billion	\$25.82 billion
County Road Levy	2% per year	3% per year	6% per year
	\$1.78 billion	\$3.48 billion	\$10.52 billion
Retail Delivery Fee	\$40m per year Statewide	\$70m per year Statewide	\$100m per year Statewide
	\$0.60 billion	\$1.05 billion	\$1.50 billion
<b>TOTALS</b>	<b>\$33.4 billion</b>	<b>\$62.9 billion</b>	<b>\$97.7 billion</b>



# Additional Background

Applying current distribution methods may not meet the needs

New Revenue Source	Default Distribution Method / Current Rates	Eligible Recipient
Road Usage Charge	Gas tax distribution = State 80%, Counties/Cities 20%	State, Counties, Cities
Vehicle Fees	Vehicle Fee distribution = State 68%, Counties/Cities 28%, Local Transit 4%	State, Counties, Cities, Transit
Transit Sales Tax	Sound Transit – 1.4% <i>Local transit capped at 1.2%</i> King County Metro – 0.9% Community Transit – 1.2% Kitsap Transit – 1.1% Pierce Transit – 0.6% Everett Transit – 0.6%	Local and Regional Transit
County Road Levy	Capped at 1% annual growth	Counties
Retail Delivery Fees	n/a	tbd





# Discussion Topics

- Should all five sources be included in the RTP financial strategy?
- What levels or rates should be assumed?
- What additional policy issues need to be flagged for implementation? E.g.,
  - Equity and fairness considerations
  - Meeting the gaps by sponsor category
  - Changes to current distribution methods
- Future PSRC action / work program?



# Discussion Topics

- **Today:** need direction on the Road Usage Charge to include in the draft plan analysis
  - Assume State rate levels?
  - Begin a RUC in 2035 (RTP interim year)?
  
- **Next Month:**
  - Staff will bring back 1-2 revenue scenarios, including gap analysis by sponsor category
  - Discussion of policy issues and board direction for financial strategy





# Thank You!

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