

Palouse Transportation Funding Guide

PREPARED FOR

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Key Findings

In 2008, due to the widening gap between the cost of maintaining and improving the region's transportation facilities and the funds available to pay for those services, the Palouse Regional Transportation Planning Organization (PRTPO) began a process to identify ways to generate additional funding. The agency engaged the consultant team of Leland Consulting Group (LCG) and Kittelson & Associates, Inc. (KAI) to create a comprehensive list of transportation funding sources applicable to the Palouse region, analyze the revenue potential of the primary funding sources, and make recommendations to Palouse jurisdictions about the best ways to generate transportation funding in the future. This report is the result of that research. Key findings and recommendations are:

- **Transportation Benefit Districts (TBD) offer considerable potential** to generate new revenue in the Palouse region. From a revenue and geographical standpoint, TBDs are very flexible, and can be created by county or city ordinance. If implemented region-wide, two funding mechanisms enabled under TBD authority – a \$20 vehicle renewal fee and a 0.2 percent sales tax – could generate approximately \$1.3 and \$1.5 million respectively (about 15 percent of the four Palouse counties' combined annual transportation operation budgets). In addition, several other revenue options are available to TBDs, including local-option property taxes, impact fees, and tolls. TBDs need not include the entire Palouse region; the revenue potential of several smaller TBDs, covering the Clarkston-Asotin area and City of Dayton is also examined in this report.
- **Amongst other "local" revenue sources, the property tax and a gas tax have the greatest potential to generate new revenues.** Property tax revenues can be increased primarily by either a Levy Lid Lift or Special Levy. On an annual basis, the former could generate approximately \$1.8 million (if levy lids were lifted to their statutory maximum rates) and the latter \$2.3 million (if imposed at \$0.60 per \$1,000 assessed value) if implemented in all four Palouse counties. Both tax increases require voter approval; the former requires a majority vote, while the latter requires 60 percent approval. The imposition of a local-option gas tax would generate approximately \$1.4 million annually if approved by a majority vote in all four counties.
- **Municipal Business and Occupancy (B&O) taxes could also generate significant revenues.** If implemented at the maximum rate in all 21 cities, the tax could generate \$2.8 million annually. However, this tax can only be levied by cities, and therefore 21 separate votes would be required to generate this amount. Voters in Eastern Washington have historically not supported B&O taxes.
- **The local-option transit sales tax could generate considerable revenue** and is not widely used in the Palouse – only five of the 25 cities and counties in the region collect it. This tax could generate more than \$5 million annually in the region if approved by a majority of voters in each jurisdiction.

- **All four Palouse counties have additional bonding capacity for transportation capital projects.**
- Because most local-option tax increases require a vote, advocates should be prepared to make a clear, compelling, and broad-based case for the benefits of the related projects or services.
- **Other local-option revenue sources are available but either have less revenue potential** or will be more difficult to implement than those described above. These include the real estate excise tax, transportation impact fees, commercial parking tax, and others.
- **Leverage local funds to obtain state and federal grants.** By themselves, the local revenue sources identified in this report are unlikely to address all the transportation needs in the Palouse. But by bringing more local money to the table, Palouse jurisdictions can win more financial support from WSDOT and other state and federal agencies.
- **Securing additional state and federal funds will be possible, but very challenging.** A number of programs have formula-based distributions that offer essentially no opportunity for an agency to intentionally increase its share. There is also a backlog of unfunded projects, some of which are already lined up in certain programs. Consequently, there is often stiff competition for application-based program funds.
- **The future of the federal funding system is in flux and difficult to predict.** The current federal transportation authorization act (SAFETEA-LU) is about to expire and nearly all authorized funds have been spent.
- **The region, and particularly Whitman County, has been very successful in securing grants from the state's Transportation Improvement Board (TIB) program.** The Palouse can continue to win TIB grants by understanding the selection criteria and following the model set by Whitman County.
- **Prioritize projects and link transportation to economic development.** The project team consistently heard that regions and jurisdictions that have a clear list of priorities and demonstrate the broad appeal and economic development benefits of projects will secure more funds and more support – particularly from legislators. This is important because obtaining transportation funds is political as well as technical. The PRTPPO should continue to identify which are the most important three to five projects for the region.
- **Continue to take advantage of the state's associations and public agencies,** which are excellent resources for information about new or changing transportation revenue sources. These groups offer trainings, informative web sites, and one-on-one consultation, and include: Department of Transportation, Department of Revenue, Washington State Association of Counties, Association of Washington Cities, and others.

Introduction

In 2004, representatives of the four-county Palouse region approved the *Palouse Regional Transportation Plan*, the first attempt to plan for the long-term transportation needs for the entire area. The plan was a collaboration between the Palouse Regional Transportation Planning Organization (PRTPO), the group’s many constituent transportation agencies, and a consultant team. The authors identified the critical importance of ongoing roadway and bridge maintenance and preservation, and a list of important capital projects, such as the Flesham Way/SR 129 Interchange, physical and safety improvements to US 12, SR 129, and other roadways, the Pullman Bypass, rail upgrades, and more.

The planning process also made clear that it would be extremely difficult, if not impossible, for the region to find the revenues necessary for the maintenance and capital improvements identified—both because of the extent of needs and the constrained nature of many sources of funding. For example, the plan states that, “funding for maintenance of roadways and bridges will far exceed all other expenditures for transportation facilities in the region.” Thus, in 2008, the PRTPO engaged the consultant team of Leland Consulting Group (LCG) and Kittelson & Associates, Inc. (KAI) to create a comprehensive list of transportation funding sources applicable to the Palouse region, analyze the revenue potential of the primary funding sources, and make recommendations to Palouse jurisdictions about the best ways to generate transportation funding in the future. This report is the result of the transportation funding research and analysis conducted by LCG and KAI.

The regional struggle to adequately fund transportation priorities is a dynamic reflected in cities, counties, ports, transit agencies, and other jurisdictions throughout the State of Washington. The funding gap has been growing throughout the past decade, and is likely to become more severe due to the recession that began in 2008 and continues today.

Higher costs are one part of the equation. For example, construction costs for a new lane-mile of roadway in the Palouse have doubled since 2003—from between \$500,000 or \$600,000 per lane-mile to \$1 million or more on difficult stretches. In higher elevation parts of Whitman County where snowfall and wear are greater, the costs can be even higher.

Meanwhile, revenues generated by several critical transportation funding sources continue to grow far slower than costs, particularly the property and state gas taxes. Property taxes are by far the largest local revenue source for transportation expenditures, but revenue growth is largely constrained by state law to a rate of no more than one percent per year.¹ The gas tax faces similar problems. First, increases in vehicle efficiency mean that cars now consume less gas, and generate less revenue for transportation on a per-mile basis. This trend is likely to accelerate. In addition, the

¹ This limit can be exceeded when new developments are added to the tax rolls or when new areas are annexed.

portion of state gas tax collections returned directly to counties and cities is set at a fixed amount (4.92¢ and 2.96¢, respectively) rather than a percentage of sales. Thus, like property tax revenues, gas tax revenues will shrink in inflation adjusted terms unless the legislature takes action.

Numerous transportation advocates and analysts have pointed out the severity of the funding problem for local jurisdictions. An Association of Washington Cities (AWC) report issued in 2004 states that:

Washington cities are falling dangerously behind in maintaining city streets and bridges and meeting growing capacity and mobility needs. Significant cuts in state funding, coupled with the loss of revenue sources, have created a crisis for our local transportation systems. In 2002, cities invested \$936 million on transportation—\$200 million for street maintenance alone. Yet this covers only one-third of ongoing needs and does not address a critical maintenance backlog.²

Likewise, the Washington State Association of Counties' (WSAC) 2009 transportation policy statement asserts that, "Current transportation revenues are not adequate to maintain a quality transportation system and make improvements needed to enhance safety, local freight mobility and relieve congestion."

A final pressure on transportation funding is the constrained nature of overall state transportation revenues, and the fact that WSDOT and other state agencies are placing more and more emphasis on the importance of local-match funds in paying for major capital improvements. Without a significant local match, most projects cannot win support from the state. Thus, the local source identified in this report becomes even more important.

Report Organization. The transportation funding sources described in this report are divided into two main sections—local, and state and federal—and then evaluated in terms of revenue potential, implementation, jurisdictions served, applicable project types, and other attributes. Funding sources were separated first into the local and state and federal categories because the former can be put in place through local decision-making processes—in almost all cases, through an ordinance or popular vote—while the latter are usually competitive grants or loans, or formula funds.

In addition to this report, the consultant team also produced a companion "Palouse Transportation Funding Database," in Microsoft Excel format, which lists all the funding tools described here and their attributes.

Both the report and the database are intended to be resources for the PRTPPO leadership and the transportation professionals of the Palouse as they seek to provide a solid financial foundation for the movement of goods and people in the region in the 21st century. Because state and federal programs are usually targeted to fund particular types of projects, the database should be

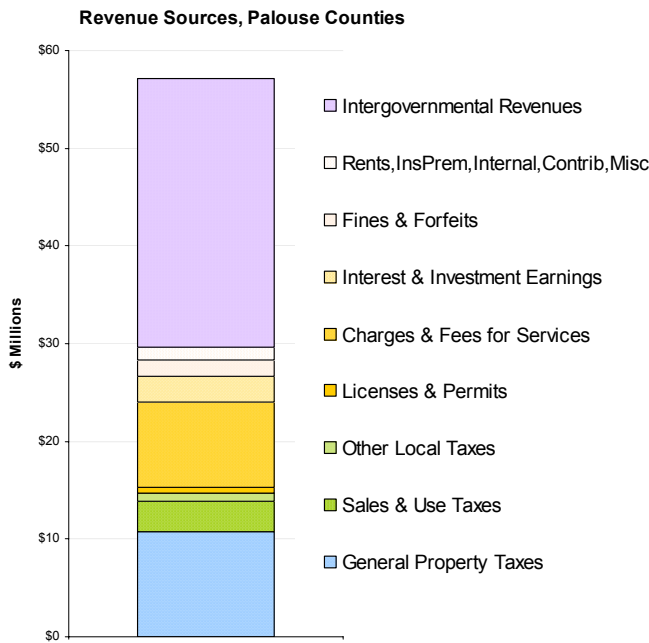
² *Danger: Rough Road Ahead*, Association of Washington Cities, 2004.

particularly useful to transportation professionals attempting to determine which programs are best suited to meet local needs.

The consultant team drew on a wide variety of information sources in preparing this report, including published and online materials, and in-person and phone interviews. Sources are listed along with data and conclusions throughout the report, and a partial list of the most valuable resources is listed in Appendix B. Readers interested in additional details about any of the funding tools described here should consult those sources, particularly the Revised Code of Washington (RCW), the final statutory authority on local funding.

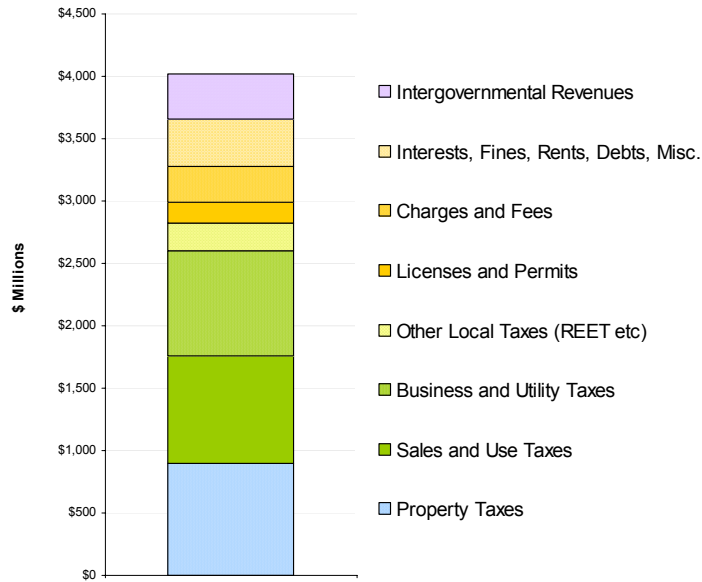
Existing Conditions. Understanding where the Palouse region’s revenues come from today is critical to evaluating which revenue sources will be the most promising in the future. While the state may authorize new revenue sources for cities, counties, and other governmental entities, it is likely that most of the financial foundations of local government will remain the same, particularly property, sales, and business taxes, and intergovernmental revenues. Furthermore, these revenue sources generally have the greatest potential to grow in the future because they are levied on large, local tax bases. Figures 1 and 2 show the revenue sources of the four Palouse counties, and *all* Washington cities, respectively.

Figure 1. Revenue Sources, Palouse Counties, 2006



Source: Washington State Auditor’s Office, Leland Consulting Group

Figure 2. Revenue Sources, All Washington Cities



Source: Association of Washington Cities, State Auditor's Office, Leland Consulting Group

Local Funding Sources

Figures 3 and 4 on the following pages summarize the primary local funding sources available to the Palouse. Each of the primary sources identified in those tables is then described in detail below. The local funding section concludes with a description of other sources that are expected to have considerably less revenue potential.

Several types of information will be critical in order for leaders in any of the Palouse's jurisdictions to move forward with one of the funding tools outlined here. This information includes: revenue potential, implementation (the votes or procedures needed to authorize and initiate a funding source), jurisdictions served, and the project types that the revenue can fund. In addition, advocates of any new revenue stream should identify a nexus between the benefits of a given transportation improvement or service, the amount of costs that are imposed, and the population that will pay the costs.

Revenue Potential. The revenue potential of each primary funding source is shown in Figure 3. In order to establish a sense of magnitude, revenues are compared to the budgeted Transportation (operations) and Capital Projects expenditures for each of the four Palouse counties in 2007. Expenditure figures account for county spending only, not spending by cities, ports, transit agencies, or other agencies. Thus, Figure 3 shows that, by generating \$2.3 million annually, a special property tax levy of 60¢ per \$1,000 of assessed value could increase the four counties' combined operating or capital budget by about 25 percent.

As Figure 3 shows, there are five different types of broad revenue source categories (TBD, property, gas, sales, and B&O), which could generate more than \$1.0 million annually. Two revenue sources could theoretically increase the counties' operating budget by more than half: the transit sales tax, and \$100 vehicle registration (Motor Vehicle Excise Tax or MVET). However, revenues generated by the transit sales tax can only be directed to transit purposes. The \$100 vehicle registration fee would probably face political opposition.

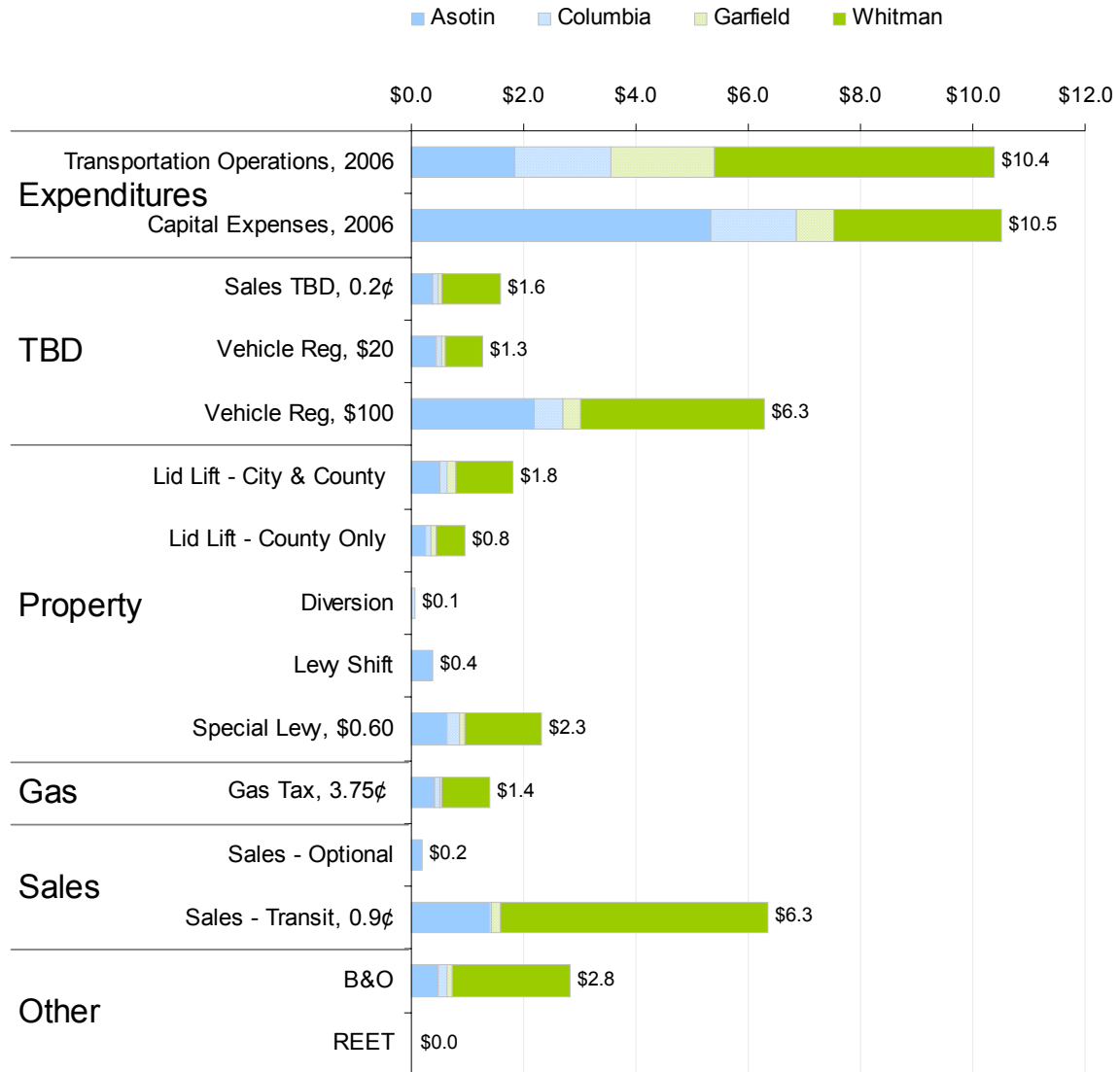
Implementation. Figure 4 shows three categories by which these revenue streams can be authorized or "implemented:" by an ordinance passed by a county board, city council, or other governing body; by a vote of the people; or another method. Obviously, board or council votes are logistically easier to win, but can be politically as difficult as a popular vote. Except where noted, all measures can be passed by a simple majority vote. The main exception is the special property tax levy, which requires 60 percent approval for passage. At the discretion of a city council, business and occupation (B&O) tax measures can be authorized by a council vote or popular vote; if passed by a council, they are subject to a referendum procedure described below.

Jurisdictions Served. Figure 4 shows which jurisdictions may levy or benefit from each revenue source. Sometimes, this distinction is clear cut, while at other times it is not. The optional sales tax is clear: it can be levied and collected by cities and/or counties. The local option gas tax, on the other hand, can only be levied county-wide, but then is distributed by formula back to the county and cities within the county. These distinctions are explained below.

Project Types. Most of the revenue sources below are broadly available for “general government purposes,” and thus, almost any type of highway, road, transit, pedestrian, or other type of transportation project would qualify. Some funds may only be expended on certain project types, such as the transit sales tax and real estate excise tax. The latter can only be used for capital projects identified in a capital improvement plan, not operations.

Figure 3. Potential Revenue Sources and Current Transportation Expenditures

Revenue assumptions for each revenue source are described in their respective sections below.



Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

Figure 4. Summary of Primary Local Funding Sources

Key	
●	Yes.
◐	Sometimes, see text.
-	No.

Revenue Source	Implementation			Jurisdictions Served					Project Types				
	Board/ Council	Vote	Other	County	City	Transit District	Port	Other	Highway/ Roads	Transit	Ports	Ped/ Bike	Other
Transportation Benefits Districts	●	●	-	◐	◐	◐	◐	●	●	●	●	●	
Vehicle Registration Fee (\$20 max.)	●	-	-	◐	◐	◐	◐	●	●	●	●	●	
Transportation Impact Fees	●	-	-	◐	◐	◐	◐	●	●	●	●	●	
Vehicle Registration Fee (>\$20, \$100 max.)	-	●	-	◐	◐	◐	◐	●	●	●	●	●	
Sales Tax (0.2%)	-	●	-	◐	◐	◐	◐	●	●	●	●	●	
Tolls, Development Fees, LIDs	●	●	-	◐	◐	◐	◐	●	●	●	●	●	
Property Tax													
Levy Lid Lift	-	●	-	●	●	●	●	●	●	●	●	●	
Diversion	●	-	-	●	-	-	-	-	●	●	●	●	
Levy Shift	●	-	-	●	-	-	-	-	●	●	●	●	
Special Levies	-	●	●	●	●	●	●	●	●	●	●	●	
Local Option Gas Tax	-	●	-	●	◐	-	-	-	●	-	●	-	
Sales and Use Tax													
Basic Rate	-	●	-	●	●	-	-	-	●	●	●	●	
Optional Rate	-	●	-	●	●	-	-	-	●	●	●	●	
Transit	-	●	-	●	●	●	-	●	-	●	-	-	
Business and Occupation Tax													
General Business	●	●	●	-	●	-	-	-	●	●	-	●	
Utility	●	●	●	-	●	-	-	-	●	●	-	●	
Transit	●	●	●	-	●	-	-	-	-	●	-	-	
Real Estate Excise Tax	●	-	-	●	●	-	-	-	●	●	-	●	●
Debt Finance / Bonding	●	●	-	●	●	●	●	●	●	●	●	●	●
General Fund	●	-	-	●	●	-	-	-	●	●	●	●	

Source: Washington State Auditor's Office, Washington Department of Revenue, Municipal Research and Services Center, Leland Consulting Group

Limitations. The revenue estimates in this section are straight-line projections based on the most recent data year available, usually 2007 or 2006. While they are reliable estimates, they do not take into account trends in the tax base, price elasticity of demand, or other factors. More detailed revenue projections should be undertaken if and when the region's leadership decides to move ahead with one or more of these revenue measures.

For example, although the assessed value of many jurisdictions' property tax bases will decrease in 2008 and 2009 due to sharp decline in real estate values, no attempt has been made to quantify the impact of this trend. In part, this is because these are intended to be long-term estimates, and real estate values are likely to rebound at some point. The impact of price elasticity of demand—the change in the amount of demand for a good or service as a result of a price change—is not accounted for either. For example, if the Palouse counties increased the gas tax by 3.75¢, the maximum currently allowed, some additional drivers would make an effort to buy some or all of their gas in Idaho. In most cases, elasticity of demand will be relatively small, but will vary by tax amount, type, and geography. In certain situations, it could be significant, and should be one of the considerations included in evaluating whether or not to implement a given funding source.

Transportation Benefit District (TBD)

Revised Code of Washington (RCW): 36.73; 36.73.040

A Transportation Benefit District (TBD) is a special district created in order to finance the construction and operation of any transportation, transit, or transit demand management facilities or programs that are identified in a regional or state transportation plan. TBDs may cover areas ranging from parts of a single city or county, to multiple cities or counties. TBDs were authorized by the Washington Legislature in 1987, and then modified in 2005 and 2007 to enable the districts to be more flexible and to generate revenue from more funding sources.

Prior to 2007 only two TBDs had been formed: Point Roberts in Whatcom County, and Liberty Lake in Spokane County. However, there are now at least a half dozen local areas exploring TBD formation around the state, spurred in part by 2007 legislation that allows greater flexibility for the districts. The following cities are evaluating or forming TBDs: Des Moines, Lake Forest Park, Edmonds, Prosser, Olympia, Burien, and Bremerton.

The PRTPPO requested that the following three potential TBD areas be evaluated in this report:

- Four-County Palouse TBD;
- A City of Dayton TBD; and,
- “Asotin-Clarkston TBD,” following the geographical boundaries of the existing Lewis-Clark Valley Metropolitan Planning Organization (LCVMPO) within Washington State. This TBD would need to be approved through a popular vote because it includes part of a jurisdiction (Asotin County) rather than the entire jurisdiction. See the Implementation section, below, for more details.

Board- or Council-Authorized Revenue Sources

The governing body of a TBD may establish the following two revenue sources by a board or council vote:

- **Motor Vehicle License Renewal Fee:** an annual fee of up to \$20, in addition to registration fees due the state. Vehicles that weigh 6,000 pounds or more, and some other vehicles such as some trailers and farm vehicles, are exempted.
- **Transportation Impact Fees** on commercial and industrial development (but not residential development).

Vehicle Renewal Fee. Estimated vehicle registration fee revenues are shown in Table 1 below. As noted above, not all motor vehicles are subject to this renewal fee, and thus, the figures shown below are less than the total number of registered vehicles in each jurisdiction. Contact the Department of Licensing for further details.

Table 1. Vehicle Renewal Fee Revenues in Palouse TBDs³

County	Total Licensed Vehicles, 2008	Excise Fee Increase	
		\$20	\$100
Asotin	22,017	\$440,340	\$2,201,700
Columbia	4,968	\$99,360	\$496,800
Garfield	3,070	\$61,400	\$307,000
Whitman	32,835	\$656,700	\$3,283,500
Total	62,890	\$1,257,800	\$6,289,000

TBD Area	Total Licensed Vehicles, 2008	Excise Fee Increase	
		\$20	\$100
Clarkston-Asotin	21,601	\$432,020	\$2,160,100
Dayton	4,444	\$88,880	\$444,400

Source: Department of Licensing, Leland Consulting Group

Transportation Impact Fees. Transportation impact fees on commercial and industrial development can also be authorized by a TBD's governing body without a vote of the electorate. Transportation impact fees are assessed by local governments against new development projects that attempt to recover the cost incurred by government in providing the new public facilities required to serve the new development.⁴ In most cases, impact fees cannot pay for existing facilities. TBDs are not authorized to impose impact fees on new residential development – however, counties and cities can impose fees on residential development, as explained on page 35.

A detailed estimate of the revenue potential of transportation impact fees was not calculated for this study for several reasons. First, the Palouse transportation professionals interviewed stated that the current approach of negotiated developer exactions on a development-by-development basis is superior to a formalized development impact fee structure. This is due in part to the cost of analyzing and establishing a legally-defensible city- or county-wide impact fee structure. Second, impact fees assessed by Washington's cities and counties vary widely – both in terms of the revenues generated, and the methodology by which assessments are made. For example, commercial transportation impact fees may be based on a project's location, total square feet, total trips generated, peak hour trips generated, use, or a combination of these or other attributes.

³ State agencies do not track the number of vehicle registrations, taxable sales, or other data by MPO area, but rather by county or city. Thus, this report uses the combined revenue potential of the cities of Clarkston and Asotin to approximate revenues in the LCVMPPO. This somewhat undervalues the actual revenue potential in the LCVMPPO area.

⁴ MRSC, www.mrsc.org/Subjects/Planning/transimpactfees.aspx

In general, and in cities in Washington State that do assess transportation impact fees and report those fees, the rough fee range is between \$500 and \$2,000 per peak hour trip generated by new commercial development.⁵

Because there must be a nexus between the amount of impact fees levied on any given development, and the cost of providing new infrastructure to that development, any Palouse jurisdictions seeking to implement an impact fee structure would have to perform additional analysis.

Voter-Approved Revenue Sources

The following revenues may be generated within a TBD upon a majority vote of residents in the district:

- **Sales and Use Tax:** up to 0.2%, with voter approval; tax may not be in effect longer than 10 years unless reauthorized by voters. Revenue projections for this sales tax are covered in the sales tax section below.
- **Motor Vehicle License Renewal Fee:** up to \$100 annual fee, on the same vehicles as above. See Table 1.
- **Special property tax levies:** one-year (operations and maintenance) or multi-year (capital improvements). See Table 2, and the Property Tax section for more information on special levies. A 60 percent majority vote, rather than the usual 50 percent-plus-one majority, is required to impose a special levy.
- **Tolls:** on facilities including state routes and local roads; tolls on state routes must be administered by WSDOT; all tolls must be approved by Transportation Commission.

Table 2. Revenue Potential of Special Property Tax Levies by TBD

TBD Area	Valuation	5 Percent Increase	10 Percent Increase
Palouse Region	\$3,864,313,608	\$2,469,619	\$4,939,238
Clarkston-Asotin	\$335,844,742	\$214,633	\$429,266
Dayton	\$114,530,587	\$73,195	\$146,389

Source: Leland Consulting Group

Project Types. TBD legislation specifies that funds must go to improvements identified in a state or regional plan, however, this requirement has been interpreted very broadly. TBD revenues can be used to fund the operation, maintenance, preservation, or construction of new or existing highways, arterial roads, local roads, public transportation, transportation demand management, and other projects or programs identified as regionally significant in state or regional transportation plans.

⁵ Tax and User Fee Survey, AWC, 2008.

Implementation.⁶ The creation of a TBD and any actions taken by the TBD’s governing board thereafter must follow at least one notice and at least one public hearing. The jurisdiction creating the TBD must publish a notice of a hearing to establish a TBD ten days or more before the proposed hearing in a newspaper of general circulation. The jurisdiction proposing to create a TBD must also hold a public hearing, at which time the legislative authority of the jurisdiction must hear objections from any person affected by the creation of the TBD.

The creation of a TBD must be through an ordinance passed by the legislative body of a city or county; or, if a TBD includes multiple jurisdictions, then the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions. A TBD cannot be formed without the establishment of a new revenue source, and the new revenue source or sources must be specified in the enabling ordinance or ballot measure.

In order to form multiple-jurisdiction TBDs, an interlocal agreement must be created between each of the participating jurisdictions. The ordinance must include a finding that the creation of a TBD is in the public’s interest, the boundaries of the TBD, a description of the transportation improvement or improvements proposed by the district, and the proposed taxes, fees, charges, etc. the TBD will impose to raise revenue to fund the identified improvements, service, or program.

A review of the ordinances passed in order to form the Point Roberts TBD and Liberty Lakes TBD shows that the “finding of public interest” need not be exhaustive or highly quantitative. It can be simple, straightforward, and concise, consisting of one or several paragraphs.

If the TBD revenue options will not be subject to a public vote (i.e., either the \$20 vehicle registration fee or impact fees), the boundaries must be either countywide or citywide. The formation of a TBD with boundaries that are less than countywide or citywide must be approved in a public vote. Thus, a TBD following the LCVMPD border would need to be approved by voters in the cities of Clarkston and Asotin, and in Asotin County.

⁶ This section is based on information from two AWC reports: “Transportation Benefit District Legislation in Effect, September 2007,” and “Transportation Benefit District Checklist.”

Property Tax

RCW: Title 84

The property tax is currently among the most important funding sources for Palouse region counties, cities, and related transportation agencies. Property taxes contribute the third greatest amount to county general funds, after intergovernmental transfers and “charges and fees.”

Within the general category of property taxes, there are five subcategories of potential revenue sources relevant for transportation funding in the Palouse:

- Regular Levies
- Diversion
- Levy Shift
- Levy Lid Lift
- Special Levies

Regular Levies

For the purposes of this report, the term “regular levies” refers to the three senior levies directly relevant to transportation funding: the County General Purposes, County Road, and City General Purposes levies.

By state law, each of these levies is limited to a maximum rate, measured in terms of dollars per \$1,000 of assessed value: \$1.80 for County General Purposes; \$2.25 for County Road; and \$3.375 for City General Purposes.

In addition to these senior levies, most properties are also subject to junior, state (school), and special levies. Junior levies are imposed by districts such as ports, transportation benefits, fire, hospitals, and others, and have a variety of maximum rates. In most cases, the combined total rate for all local taxing entities (senior and junior levies) cannot exceed \$5.90.⁷

Severe Future Revenue Constraint. Despite the fact that the property tax is critical to the funding of transportation and other public services in the Palouse, the regular levies will also be severely constrained for the foreseeable future, due to several important limitations:

- Taxing districts are limited to a maximum of 1% regular levy revenue increase over the previous year. (Areas with new construction can exceed the 1% limit.)
- The regular (non-voted) tax rate that applies to property cannot exceed 1% of market value. Special levies can bring the rate to more than 1%.

⁷ Another limit of less importance to local taxation is that the combination of senior, junior, and state (school) tax rates that applies to a given property cannot exceed \$10 per \$1,000 assessed value (i.e., 1 percent). The state rate is \$3.60. However, the special (voted) levies explained below can bring the total rate to above 1 percent.

Without significant changes to state property tax law, the effect of these limitations will be an ongoing reduction in the potential for property tax revenues to pay for transportation projects – particularly when adjusted for inflation and increasing cost of transportation capital projects.

Thus, if Palouse jurisdictions hope to generate greater revenues from property taxes, these revenues will have to come not from council- or board-approved regular levy increases, but from the other property tax subcategories described below.

Levy Lid Lift

A Levy Lid Lift allows a city, county, or special district to “lift” the 1 percent annual revenue increase. If approved by voters, the jurisdiction can raise the levy from its existing level, up to the maximum statutory level, or any rate in between.

Levy Lid Lifts can last for any amount of time between a single year and permanently. If they will be permanent, that must be stated in the ballot text. Levy Lid Lifts can also be “bumped up” incrementally over the course of between one and six years in order to make the tax increase gradual rather than abrupt.⁸

While the Levy Lid Lift allows property tax rates to increase beyond their current rates, they still cannot exceed the statutory maximum rates listed above. However, all four Palouse counties are currently imposing property taxes at less than the statutory maximum and thus have additional capacity to lift their rates. A Levy Lid Lift is possible in all four counties.

Table 3. Current County Property Tax Levies and Additional Lid Lift Capacity

	Levy Type	Current Rate	Maximum Rate	Additional Capacity	Valuation ¹	Revenue Potential	Revenue Potential
Asotin	County General	\$2.335	\$1.800	(\$0.535)	\$1,041,964,123	(\$557,503)	\$264,138
	County Road	\$1.086	\$2.250	\$1.164	\$706,119,381	\$821,641	
Columbia	County General	\$1.663	\$1.800	\$0.137	\$389,870,111	\$53,576	\$75,143
	County Road	\$2.171	\$2.250	\$0.079	\$271,387,009	\$21,567	
Garfield	County General	\$1.458	\$1.800	\$0.342	\$173,540,301	\$59,410	\$120,585
	County Road	\$1.763	\$2.250	\$0.487	\$125,663,922	\$61,176	
Whitman	County General	\$1.634	\$1.800	\$0.166	\$2,258,939,073	\$375,210	\$485,859
	County Road	\$2.122	\$2.250	\$0.128	\$866,481,646	\$110,650	
Total	-	-	-	-	\$4,967,483,920	\$835,076	

Source: Washington State Auditor’s Office, Washington Department of Revenue, Leland Consulting Group

⁸ For additional details on Levy Lid Lifts, see: www.mrsc.org/subjects/finance/levylidlift.aspx

As Table 4 shows, most but not all Palouse cities have capacity to lift their General Levy. Four of 21 cities are already levying at the maximum rate, and others are very close to the maximum rate. However, the larger jurisdictions have additional capacity.

Table 4. Current City Property Taxes and Additional Lid Lift Capacity

County/City	Current Tax Rate	Statutory Max	Additional Capacity	Valuation	Revenue Potential
Asotin County					\$264,138
Asotin	\$2.559	\$3.375	\$0.816	\$52,537,131	\$42,877
Clarkston	\$2.721	\$3.375	\$0.654	\$283,307,611	\$185,297
Columbia County					\$75,143
Dayton	\$2.714	\$3.375	\$0.661	\$114,530,587	\$75,733
Starbuck	\$2.183	\$3.375	\$1.192	\$3,952,515	\$4,711
Garfield County					\$120,585
Pomeroy	\$2.977	\$3.375	\$0.398	\$47,876,379	\$19,039
Whitman County					\$485,859
Albion	\$2.766	\$3.375	\$0.609	\$16,424,619	\$9,999
Colfax	\$2.791	\$3.375	\$0.584	\$125,274,166	\$73,123
Colton	\$2.318	\$3.375	\$1.057	\$20,418,730	\$21,587
Endicott	\$3.370	\$3.375	\$0.005	\$9,297,554	\$47
Farmington	\$3.375	\$3.375	\$0	\$4,235,215	\$0
Garfield	\$3.143	\$3.375	\$0.232	\$16,942,284	\$3,936
LaCrosse	\$2.995	\$3.375	\$0.380	\$10,223,434	\$3,885
Lamont	\$3.375	\$3.375	\$0	\$3,094,749	\$0
Malden	\$3.375	\$3.375	\$0	\$3,188,302	\$0
Oakesdale	\$3.100	\$3.375	\$0.275	\$13,103,797	\$3,604
Palouse	\$2.800	\$3.375	\$0.575	\$36,260,753	\$20,835
Pullman	\$3.037	\$3.375	\$0.338	\$1,052,917,091	\$355,465
Rosalia	\$3.375	\$3.375	\$0	\$17,317,295	\$0
St. John	\$2.724	\$3.375	\$0.651	\$25,019,305	\$16,295
Tekoa	\$3.055	\$3.375	\$0.320	\$20,440,358	\$6,533
Uniontown	\$2.648	\$3.375	\$0.727	\$18,299,775	\$13,300
Total					\$1,801,991

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

Levy Lid Lifts for Special Districts. In addition to city and county Levy Lid Lifts, there are two other types of districts that can lift their levy lids in order to generate additional transportation revenue: ports and transportation benefit districts.⁹ While there are four active port districts in the Palouse, no transportation benefit districts have been authorized. The additional lid lift revenue capacity of each of the ports is shown in Table 5 below. Transportation Benefit Districts are discussed above. If a lid lift by a port brings the combined local rate (senior and junior levies) to more than \$5.90, then it and other junior levies may be subject to pro-rationing—a decrease in the tax rate actually imposed.¹⁰

⁹ There are many other non-transportation districts, such as Fire districts, that could also increase their levies.

¹⁰ RCW 84.52.010(2)

Table 5. Palouse Ports Current Tax Rates and Additional Capacity

	Current Rate	Statutory Max	Additional Capacity	Valuation	Additional Capacity
Port of Clarkston	\$0.29	\$0.45	\$0.16	\$1,041,964,123.00	\$170,757.08
Port of Columbia	\$0.42	\$0.45	\$0.03	\$389,870,111.00	\$13,399.84
Port of Douglas	\$0.25	\$0.45	\$0.20	\$2,546,976,737.00	\$518,819.16
Port of Whitman	\$0.41	\$0.45	\$0.04	\$2,258,939,073.00	\$85,387.90

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

Diversions

RCW: 36.33.220; 36.79.140

Diversions take place when revenues generated by the County Road property tax levy are used for non-road purposes. Although Diversions are legal, counties with a population of more than 8,000 in which Diversions take place are ineligible to receive funds from the state's Rural Arterial Trust Account. Thus, Diversions can have a significant impact on a county's capacity to build and maintain roads.

Any funds that are diverted from the County Road Fund to other sources must be recorded, kept in a separate account, and reported to the State Auditor's Office.

Diversions are taking place in Columbia County, but not in the other three Palouse counties. Because Columbia County has a population of less than 8,000, the county is still eligible to receive Rural Arterial funds.

Table 6. Diverted County Road Funds

County	Diverted County Road Taxes, 2007
Asotin	\$0
Columbia	\$62,504
Garfield	\$0
Whitman	\$0
Total	\$62,504

Source: State Auditor's Office, Leland Consulting Group

There is no "technical" solution to Diversions. In order to recapture the lost revenue, county transportation staff will need to work with other county staff to make the case that transportation funds should be used for transportation purposes.

Levy Shift

Levy Shift takes place when some of a County’s Road levy capacity is shifted to the County General levy. There are two statutory maximum County General levy rates significant to levy shift. The first is the general statutory maximum rate of \$1.80. Any County General rate higher than this is a “shifted” rate, indicating that levy shift is in effect. The second is \$2.475, the maximum rate beyond which the County General levy cannot rise, even with levy shift in effect.

Like Diversion, Levy Shift is allowed by state statute under several conditions. These are:

- The combination of the General and Road levies does not exceed \$4.05; and
- No junior taxing districts have their levy reduced.

Table 7. Levy Shift in Palouse Counties

County	County General Rate	Levy Shift	Levy Shift Rate	County Road Tax Base	Shifted Revenue
Asotin	\$2.335	Yes	\$0.535	\$706,119,381	\$377,809
Columbia	\$1.663	No	\$0	\$271,387,009	\$0
Garfield	\$1.458	No	\$0	\$125,663,922	\$0
Whitman	\$1.634	No	\$0	\$866,481,646	\$0
Total				\$1,969,651,958	\$377,809
Maximum Rate	\$1.800				

Source: State Auditor’s Office, County Road Administration Board, Leland Consulting Group

While Levy Shift results in lower revenues collected by the County Road fund, the *overall revenues collected by the combination of the County General and Road levies may be greater*. This is the case in Asotin County. The reason for this is that the County General levy is applied to all property in the county (including incorporated and unincorporated areas), while the County Road levy is only applied to the unincorporated areas. Table 7 and Table 9 show this effect. While the Asotin County Road Fund collects \$377,809 less annually due to Levy Shift, the county as a whole would collect approximately \$180,000 less if the Levy Shift were eliminated.

Table 8 further shows the potential revenue gains to be made through a 10¢ Levy Shift. Note however, that while the net revenue effect may be positive, the impact on the County Road levy will be negative. In theory, one approach is simply to allow Levy Shift to occur, and then have the County General fund reimburse the road fund. However, according to the County Road Administration Board (CRAB):

Though possible, it is uncommon for the road department to be reimbursed for its shifted revenue losses, and for current expense to gain solely from the revenues generated from the increased extent of the assessment base. By doing so, it is possible in some counties for the current expense fund to gain an advantage without impacting the road department. A Levy

Shift differs from diversion in that a shift may be accomplished for any general government purpose of the county and carries no restriction which might impact RAP eligibility.¹¹

Table 8. Revenue Potential of 10¢ Levy Shift

County	Levy Type	Current Rate	Maximum Rate	Valuation	Shift Potential	Net Revenue 10¢ Shift	Net Revenue 10¢ Shift
Asotin	County General	\$2.335	\$2.475	\$1,041,964,123	\$0.14	\$104,196	\$33,584
	County Road	\$1.086	\$2.250	\$706,119,381		(\$70,612)	
Columbia	County General	\$1.663	\$2.475	\$389,870,111	\$0.81	\$38,987	\$11,848
	County Road	\$2.171	\$2.250	\$271,387,009		(\$27,139)	
Garfield	County General	\$1.458	\$2.475	\$173,540,301	\$1.02	\$17,354	\$4,788
	County Road	\$1.763	\$2.250	\$125,663,922		(\$12,566)	
Whitman	County General	\$1.634	\$2.475	\$2,258,939,073	\$0.84	\$225,894	\$139,246
	County Road	\$2.122	\$2.250	\$866,481,646		(\$86,648)	

Source: State Auditor's Office, County Road Administration Board, Leland Consulting Group

Table 9. Levy Shift Options and Revenue Implications in Asotin

County

Tax Base Notes			1. Maintain Current Rates		2. End Levy Shift	
			Rate	Revenue	Rate	Revenue
County General	\$1,041,964,123	Includes property in incorporated and unincorporated areas.	\$2.335	\$2,433,038	\$1.800	\$1,875,535
County Road	\$706,119,381	Only property in unincorporated areas.	\$1.086	\$767,128	\$1.621	\$1,144,937
Total				\$3,200,166.42		\$3,020,472.69

Source: State Auditor's Office, County Road Administration Board, Leland Consulting Group

Another solution is to explore a Levy Lid Lift for the County Road levy as described above. This will increase the total revenue collected by a county, without reducing the General levy. However, a Levy Lid Lift must be approved through a majority vote.

Special Levies

Special property tax levies have the greatest potential to increase transportation and other general government revenues in the Palouse region because there is no limit to the amount or the rate at which they can be imposed. Table 10 shows the amount of new revenue that could be generated by a \$0.60 and \$1.20 special levy in each of the four counties. This rate increase would mean a property tax increase of about 5 and 10 percent, respectively, since the average property tax rate throughout all four counties is \$12.78 per \$1,000 of assessed value.

Special levies require a higher approval threshold than most other new taxes in order to be implemented: they must receive at least 60 percent of the votes cast.¹² There are two categories of

¹¹ CRAB Diversion/Levy Shift Fact Sheet, accessed 2009. www.crab.wa.gov/resources/FinancialInformation

special levies, both subject to the same rules of implementation: maintenance and operation (M&O), which usually last for one year; and bond, which service the bond debt for capital projects, and are usually levied for 20 years.

Special levies can be imposed by cities, counties, ports, TBDs, and most other taxing districts such as schools and fire districts.

Because of their considerable strength and flexibility compared to regular levies, in 2007 special levies accounted for 35 percent of all property taxes collected in the state. The vast majority of special levy revenues, however, are collected by local school districts. Levies for transportation and other general government services are considerably less popular. Cities and counties receive four and seven percent of their revenues, respectively, from special levies.

Table 10. Potential Special Levy Revenues in the Palouse

County	Total County Valuation	Net Revenue Increase	
		\$0.60 per \$1,000 Approx 5 percent	\$1.40 per \$1,000 Approx 10 percent
Asotin	\$1,041,964,123	\$625,178	\$1,250,357
Columbia	\$389,870,111	\$233,922	\$467,844
Garfield	\$173,540,301	\$104,124	\$208,248
Whitman	\$2,258,939,073	\$1,355,363	\$2,710,727
Total	\$3,864,313,608	\$2,318,588	\$4,637,176

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

¹² In the event of low voter turnout (below 40 percent of the previous election), then at least 60 percent of a number equal to 40 percent of the prior voter turnout must approve the special levy.

Gas Tax (Motor Vehicle Fuel Tax)

RCW: 82.80.010

There are two components to Washington State’s Gas Tax (or Motor Vehicle Fuel Tax): a state tax, and local-option (county) tax.

State Tax. The State gas tax is levied at 37.5¢ per gallon of fuel. In 2006, state fuel tax receipts totaled approximately \$841 million, which is then directed into a number of different accounts. For example, some of the money funds the County Arterial Preservation Account and Rural Arterial Trust Account, which are explained in the State and Federal revenue section. In addition, some of the revenues are directed back to counties (4.92¢) and cities (2.96¢) and recorded as an intergovernmental transfer.

Local Option Tax. Counties are authorized to impose a local-option tax of up to 10 percent of the state tax – currently up to 3.75¢ per gallon. Voter approval is required. Table 11 shows the estimated revenue potential of a local option gas tax.

Once imposed, tax revenues would be distributed back to the county and cities within the county on a weighted per capita basis (1.5 times the population in unincorporated areas, and 1.0 times the population in incorporated areas). Notably, none of Washington’s 39 counties have implemented this tax, which was originally authorized in 1990.

The use of the tax is restricted to “highway purposes” as defined by the 18th Amendment, including the construction, maintenance, and operation of city streets, county roads, and state highways; operation of ferries; and related activities.

Table 11. Local Option Gas Tax Revenues, Palouse Counties

County	Total Population 2007	Gallons Consumed		Available Capacity	Revenue Potential
		Per Capita	Total		
Asotin	21,300	528	11,253,989	\$0.0375	\$422,025
Columbia	4,100	528	2,166,261	\$0.0375	\$81,235
Garfield	2,350	528	1,241,637	\$0.0375	\$46,561
Whitman	42,700	528	22,560,814	\$0.0375	\$846,031
Total	70,450	528	37,222,702	\$0.0375	\$1,395,851

Source: Washington State Auditor’s Office, Washington Department of Revenue, Leland Consulting Group

Note: The projections in this table are based on average per capita fuel gallons consumed in Washington State. Actual gallons consumed may be lower in border states due to lower gas tax rates in neighboring states.

As Table 11 suggests, gas consumption and revenues must be estimated based on population or another set of existing demographic data. This is because neither the Department of Revenue (DOR) nor the Department of Licensing (DOL), the two state departments responsible for implementing and collecting the state and local gas taxes, records the amount of gas sold within each county. Gas is taxed at the wholesale level, before it gets to the pumping station. It is likely that the DOL would

continue to use a formula to estimate the amount of gas consumed and tax revenues generated within a county that implemented the tax.

Sales and Use Tax

RCW: 82.14; 81.104.170

The total sales and use tax levied in the state is composed of a base state tax (6.5 percent) and any local-option taxes levied by cities, counties, or other taxing districts.

Sales tax applies to the purchase of tangible goods and certain services, while the use tax applies to purchases made from out of state sellers (i.e., from the internet or merchants in Idaho) who are not required to collect Washington State sales tax. In the rest of this section, the term “sales tax” is used to refer to both the sales and use tax for the sake of simplicity.

Voter approval is required to increase the local sales tax rate.

Local option sales taxes include a 0.5 percent “basic” tax and a 0.1 to 0.5 percent “optional” tax, or a total maximum of 1.0 percent for both cities and counties. As shown in Table 12, all the cities and counties in the Palouse region are currently levying the entire 1 percent, with the exception of Asotin County, and the cities of Asotin and Clarkston. Thus, these three jurisdictions have additional taxing capacity under the optional tax; details about this capacity are below.

In contrast to the basic and optional sales taxes, *all* Palouse jurisdictions have potential to increase their transit sales tax, many by nearly 1 cent (or 1 percent). This tax may only be used for local bus systems and other transit services.

All Palouse jurisdictions also have the potential to impose a TBD sales tax as described in the TBD section above.

All Palouse counties also receive the Rural Public Facilities Sales Tax Credit of 0.08 percent from the state. These funds are collected by the state, as part of the state’s 6.5 percent rate, and then credited back to rural counties. There is no potential for additional revenue within this tax credit.

A number of other local sales taxes are available to cities and counties. Some are transportation-related, but not applicable to Palouse jurisdictions (for example, the High Capacity Transportation tax which is only available to King, Pierce, and Snohomish Counties). Most, however, are non-transportation related, such as those allowing the collection of sales taxes for criminal justice, zoos and parks, and emergency communications.

Table 12. Sales and Use Tax: Current Rates, Capacity, and Revenue Potential

Key

Available Taxing Capacity

County / City	Total	State	Local Rates						Rural	Available Capacity				Taxable Sales	Revenue Potential		
	Rate	Rate	Basic	Optional	Transit	TBD	Other3	Total	Credit	Basic	Optional	Transit	TBD	2007	Optional	Transit	TBD
Asotin County 1	7.5%	6.5%	0.5%	0.3%	0.2%	0%	0.0%	1.0%	0.09%	0%	0.1%	0.7%	0.2%	\$37,526,798	\$37,527	\$262,688	\$75,054
Asotin (city) 1	7.3%	6.5%	0.5%	0.3%	0%	0%	0.0%	0.8%	0.09%	0%	0.1%	0.9%	0.2%	\$5,873,262	\$5,873	\$52,859	\$11,747
Clarkston 1	7.5%	6.5%	0.5%	0.3%	0.2%	0%	0.0%	1.0%	0.09%	0%	0.1%	0.7%	0.2%	\$153,089,457	\$153,089	\$1,071,626	\$306,179
Columbia County	8.3%	6.5%	0.5%	0.5%	0.8%	0%	0.0%	1.8%	0.08%	0%	0%	0.1%	0.2%	\$15,361,748	\$0	\$15,362	\$30,723
Dayton	8.3%	6.5%	0.5%	0.5%	0.8%	0%	0.0%	1.8%	0.08%	0%	0%	0.1%	0.2%	\$30,885,182	\$0	\$30,885	\$61,770
Starbuck	8.3%	6.5%	0.5%	0.5%	0.8%	0%	0.0%	1.8%	0.08%	0%	0%	0.1%	0.2%	\$566,714	\$0	\$567	\$1,133
Garfield County	7.5%	6.5%	0.5%	0.5%	0%	0%	0.0%	1.0%	0.08%	0%	0%	0.9%	0.2%	\$4,668,484	\$0	\$42,016	\$9,337
Pomeroy	7.5%	6.5%	0.5%	0.5%	0%	0%	0.0%	1.0%	0.08%	0%	0%	0.9%	0.2%	\$14,107,973	\$0	\$126,972	\$28,216
Whitman County	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$61,013,410	\$0	\$549,121	\$122,027
Albion	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$789,308	\$0	\$7,104	\$1,579
Colfax	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$44,889,656	\$0	\$404,007	\$89,779
Colton	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$2,102,711	\$0	\$18,924	\$4,205
Endicott	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$895,298	\$0	\$8,058	\$1,791
Farmington	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$644,588	\$0	\$5,801	\$1,289
Garfield	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$2,305,589	\$0	\$20,750	\$4,611
La Crosse	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$2,438,233	\$0	\$21,944	\$4,876
Lamont	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$237,507	\$0	\$2,138	\$475
Malden	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$70,539	\$0	\$635	\$141
Oakesdale	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$2,223,810	\$0	\$20,014	\$4,448
Palouse	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$5,052,022	\$0	\$45,468	\$10,104
Pullman	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$384,901,050	\$0	\$3,464,109	\$769,802
Rosalia	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$3,409,628	\$0	\$30,687	\$6,819
St. John	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$6,641,157	\$0	\$59,770	\$13,282
Tekoa	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$3,516,585	\$0	\$31,649	\$7,033
Uniontown	7.8%	6.5%	0.5%	0.5%	0%	0%	0.3%	1.3%	0.09%	0%	0%	0.9%	0.2%	\$5,383,460	\$0	\$48,451	\$10,767
Maximum Levy			0.5%	0.5%	0.9%	0.2%	NA	NA		Total				\$788,594,169	\$196,490	\$6,341,606	\$1,577,188

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

Business and Occupation and Utility Taxes

RCW: 35.102

There are two main categories of Business, or Business and Occupation taxes: state and municipal. The state tax is levied on the gross receipts (or gross income) of businesses that operate within the state, and varies from 0.13 percent to 3.3 percent, depending on the type of business.

Municipal B&O taxes are most often levied on the gross receipts of a business or utility. However, because there have historically been very few rules that controlled how Municipal B&O taxes were applied, some cities levy B&O taxes based on other factors, such as number of employees.

Jurisdictions. The Municipal B&O tax is authorized for cities only – not counties or other local jurisdictions. No cities in the Palouse region currently levy a Municipal B&O tax.

Within the Municipal B&O tax category, there are two subcategories: taxes levied on private businesses, and taxes levied on public or private utilities. The distinction is important, because as Table 13 shows, the maximum tax rate for businesses is 0.2 percent, while the maximum rate for utilities is far higher – varying from 6.0 percent to unlimited. (A tax of up to 6 percent on electric, natural gas, or telephone utilities can be imposed by council ordinance, while higher levies must be approved by vote; see implementation section below for additional information.) As Table 13 also shows, more than two-thirds of the B&O revenues collected by Washington’s cities are from the utility portion of the B&O tax.

The B&O tax is not as widespread as most of the other major taxes: only 38 cities in the state levy the business tax, while 213 levy the utility tax.

Table 13. Municipal B&O and Utility Tax Revenues and Rates, All Washington Cities

Tax	Revenue All Cities	Maximum Rate	Imposed By	
			Cities	Counties
Business Taxes	291,935,705	0.20%	Yes	No
Utilities				
Electric, Natural Gas, Telephone		6%, no limit with vote		
Garbage, Water, Sewer, and Other		No limit		
Subtotal	679,244,228		Yes	No
Total	971,179,933			

Source: Washington State Auditor’s Office, Washington Department of Revenue, Leland Consulting Group

Implementation. The B&O tax can be put in place by a council ordinance, but is subject to a referendum procedure, which allows the filing of a referendum petition to challenge a new or increased tax within seven days of the imposing ordinance. If at least 15 percent of the population of the jurisdiction sign the petition within 30 days, the B&O ordinance will appear on the next ballot and subject to a vote (Department of Revenue, RCW 35.21.706).

Collection challenges. Historically, there have been considerable problems with the Municipal B&O tax, both in terms of cities’ ability to easily administer and collect the tax, and in terms of

business' acceptance of the tax. Administration and collection can be difficult because state and municipal taxing methodologies often differ, and because it is not always clear where a business' income is being generated. For example, the management and manufacturing operations for a single company are sometimes located in different cities, making it difficult for cities to know how much to tax, and sometimes resulting in double taxation for businesses. These problems have ostensibly been solved by a model municipal ordinance passed in 2003, and codified as RCW 35.102.

Revenue Potential. No city in the Palouse region levies a Municipal B&O tax; thus, all 21 cities have the capacity to add the tax and new revenue. The total potential revenue for all cities in the Palouse is \$2.8 million. However, realize this revenue would require 21 separate ordinances, followed by the possibility of referenda and/or votes.

Because the state does not track gross receipts by city or county boundary, the total gross receipts identified below have been estimated based on state averages of gross receipts per capita. Actual receipts and tax revenues will depend on the type and amount of businesses actually located in the cities.

Table 14. Revenue Potential of Municipal B&O Tax

County/City	Population	Total Gross Receipts	B&O Rate		Revenue Potential
			Current	Capacity	
Asotin County					
Asotin	1,210	\$34,381,967	0.000	0.002	\$68,764
Clarkston	7,260	\$206,291,804	0.000	0.002	\$412,584
Columbia County					
Dayton	2,730	\$77,572,538	0.000	0.002	\$155,145
Starbuck	130	\$3,693,930	0.000	0.002	\$7,388
Garfield County					
Pomeroy	1,525	\$43,332,645	0.000	0.002	\$86,665
Whitman County					
Albion	625	\$17,759,281	0.000	0.002	\$35,519
Colfax	2,905	\$82,545,136	0.000	0.002	\$165,090
Colton	420	\$11,934,237	0.000	0.002	\$23,868
Endicott	329	\$9,348,485	0.000	0.002	\$18,697
Farmington	140	\$3,978,079	0.000	0.002	\$7,956
Garfield	630	\$17,901,355	0.000	0.002	\$35,803
LaCrosse	350	\$9,945,197	0.000	0.002	\$19,890
Lamont	90	\$2,557,336	0.000	0.002	\$5,115
Malden	215	\$6,109,193	0.000	0.002	\$12,218
Oakesdale	420	\$11,934,237	0.000	0.002	\$23,868
Palouse	1,025	\$29,125,220	0.000	0.002	\$58,250
Pullman	27,150	\$771,463,150	0.000	0.002	\$1,542,926
Rosalia	650	\$18,469,652	0.000	0.002	\$36,939
St. John	554	\$15,741,826	0.000	0.002	\$31,484
Tekoa	840	\$23,868,473	0.000	0.002	\$47,737
Uniontown	345	\$9,803,123	0.000	0.002	\$19,606
Total	49,543	\$1,407,756,864			\$2,815,514
State Average					
Statutory Maximum				0.002	

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

As Table 15 shows, the utility tax rates levied by Palouse cities varies widely. In general, larger cities levy the utility tax, while smaller cities do not. Thus, while considerable utility tax capacity remains in the Palouse, it is mostly within the smaller communities, and thus unlikely to generate regionally significant revenues. For example, all of the six cities with a population of more than 1,000 levy both the electricity and telephone tax. Dayton is the only such city with any electricity or telephone tax capacity remaining, since its electricity tax rate is 4.0 percent. The cities shown below that are levying at more than the maximum 6.0 percent rate had their levies “grandfathered in,” before current statutes were in place. While rates above 6.0 percent are still allowed today, they would need to be approved by voters rather than council ordinance.

Table 15. Municipal Utility Tax Rates, Palouse Cities

Key

Additional Taxing Capacity

N/A indicates that no utility of that type operates in the corresponding city.

City	Natural Gas	Electricity	Telephone	Cable	Garbage	Water	Sewer	Stormwater
Asotin County								
Asotin	6.0%	6.0%	6.0%	6.0%	0.0%	6.0%	6.0%	N/A
Clarkston	6.0%	6.0%	6.0%	No	6.0%	No	14.0%	N/A
Columbia County								
Dayton	N/A	4.0%	7.0%	4.0%	0.0%	No	No	No
Starbuck	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Garfield County								
Pomeroy	No	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	N/A
Whitman County								
Albion	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Colfax	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Colton	No	No	No	No	No	No	No	No
Endicott	No	No	No	No	No	No	No	No
Farmington	N/A	6.0%	No	No	0.0%	No	No	No
Garfield	N/A	4.0%	4.0%	No	6.0%	6.0%	6.0%	No
LaCrosse	6.0%	6.0%	6.0%	N/A	0.0%	N/A	N/A	N/A
Lamont	No	No	No	No	No	No	No	No
Malden	No	6.0%	6.0%	N/A	6.0%	No	N/A	N/A
Oakesdale	N/A	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	N/A
Palouse	6.0%	6.0%	6.0%	7.0%	7.0%	No	No	No
Pullman	8.0%	8.0%	8.0%	No	11.0%	8.0%	8.0%	N/A
Rosalia	4.0%	4.0%	No	No	0.0%	No	No	No
St John	No	No	No	No	No	No	No	No
Tekoa	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Uniontown	6.0%	6.0%	6.0%	No	Not reported.	No	No	No

Source: Association of Washington Cities, Washington Department of Revenue, Leland Consulting Group

Real Estate Excise Tax (REET)

RCW: 82.45, 82.46

The Real Estate Excise Tax (REET) is a tax on the full selling price of real estate, and has both a state and local-option component. The state tax is 1.28 percent. In other words, a \$100,000 home would be assessed \$1,280 in state real estate tax.

Jurisdictions. There are five different local-option REET levies available, only three of which can be used for transportation expenditures. The local-option levies are:

- “Capital Improvement 1,” available to cities and counties, up to 0.25 percent for financing of capital improvements.
- “Capital Improvement 2,” available to cities and counties that plan under the Growth Management Act (GMA), an additional up to 0.25 percent for financing of capital improvements specified in a comprehensive plan. Columbia and Garfield Counties and their cities plan under the GMA and are authorized to impose this tax; Asotin and Whitman do not.
- General Purposes or “In Lieu of Sales Tax” local-option. Up to 0.5 percent for general purposes. The City of Asotin is the only jurisdiction in the state that levies this rate. This tax may only be imposed if the city or county does not levy the second 0.5 percent local sales tax.¹³ The implications of this “tax conflict” are discussed below.
- A 1 percent county tax for use in acquiring and maintaining conservation areas. The details of this tax are not covered here.
- A 0.5 percent tax for financing the acquisition, construction, and operation of affordable housing facilities. The details of this tax are not covered here.

Project Types. While both the Capital Improvement 1 and 2 taxes can fund any transportation facility normally built or maintained by a city or county, they cannot fund maintenance or operation costs. The General purposes option can fund both capital and operations.

Implementation. The Capital Improvement 1 and 2, and the General Purposes tax, may all be imposed by a board or council ordinance, or a vote of the people if the governing body so desires. However, the General Purposes tax is subject to the referendum procedures described in the B&O tax section above.¹⁴

¹³ DOR, p 201

¹⁴ MRSC, www.mrsc.org/Subjects/Finance/reet/reetweb.aspx#halfcent

Revenue Potential. As Table 16 shows, the revenue potential for the Capital Improvement components of the REET are very limited. This is because almost all jurisdictions levy the first 0.25 percent, while very few jurisdictions are allowed to levy the second 0.25 percent. The revenue capacity of counties and cities have been totaled countywide.

There are a handful of exceptions, which are shown in Table 24. The cities of Starbuck and Lamont do not levy the first 0.25 percent tax, and thus could implement that tax. Four of the five jurisdictions authorized to levy the second 0.25 percent Capital Improvements tax do not do so: Dayton, Starbuck, Pomeroy, and Garfield County. The full tax is imposed in the fifth jurisdiction, Columbia County. The total revenue shown in Table 16 is the sum of these six small, unimposed levies.

Table 16. Projected Capital Improvement REET Revenues, Combined Palouse Cities and Counties

County	Additional Revenue
Asotin	\$0
Columbia	\$23,672
Garfield	\$18,605
Whitman	\$713
Total	\$42,990

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

Discussion. The REET tax has been criticized as an undesirable tax for several reasons. First, it is volatile, because of the underlying volatility of real estate values and sales volumes, clearly evident since 2007. Second, when compared to broad taxes such as sales and property, the REET tax (when state and local options are taken into account) is a relatively large amount that falls on relatively few individuals in any given year. Economists generally believe this causes greater “distortions” in the market, and discourages the buying and selling of property, particularly among low-income and first-time home buyers.¹⁵

REET-Sales tax conflict. As stated above, no city or county may levy the entire 0.5 percent General Purposes REET *and* the entire Optional 0.5 percent local-option sales tax. Further, the City of Asotin is now the only jurisdiction in the state to levy the 0.5 percent General Purposes REET. The City of Clarkston levied this tax for years, but removed it in 2008. Because of the generally lower sales tax rates in Idaho and the lack of any in Oregon, Washington’s border cities have often sought lower sales tax rates than interior cities, and used the General Purpose REET to make up the lost revenue.

Thus, as shown in Option 1 of Table 17, the City of Asotin has the choice between maintaining its current REET structure, or eliminating its General Purposes REET and replacing it with the Optional 0.5 percent sales tax. The immediate net impact for the City of Asotin of replacing its REET with a sales tax would be a projected loss of approximately \$12,000. However, as discussed above, over the

¹⁵ “Washington’s Real Estate Excise Tax,” Washington Research Council, policy brief, March 30, 2005.

long term, the sales tax base may well be more predictable, less volatile, and have greater growth potential than the REET base. The other advantage of making the switch to the sales tax would be bringing the city's tax structure in line with that of almost all other Washington cities. Thus, in the long term, the sales tax may be preferable.

Table 17 also shows that both Asotin County and the City of Clarkston are, like the City of Asotin, levying less than the full Optional sales tax, and thus, if approved by voters, the sales taxes for all three jurisdictions could be increased to the same level as those of all the other Palouse jurisdictions at the same time. The net effect of this change for the three jurisdictions combined, even assuming that the City of Asotin eliminated its REET, would be very positive – generating approximately \$369,000 in net new revenues.¹⁶

Option 2 demonstrates that, rather than increasing their sales taxes, two of the three jurisdictions could increase their REET. This would also generate significant revenue, but would move them out of alignment with other Washington jurisdictions and preclude future local sales tax rate increases.

Table 17. REET and Sales Tax Options for City of Asotin and Asotin County

Key

Voted rate increase.
Rate decrease.

Option 1: Maximum Sales Tax

County / City	Sales Tax				REET				Total Net Revenue
	"Optional" Tax Current Rate	New Rate	Taxable Sales 2007	Net Revenue	General Purposes Rate	New Rate	Taxable Sales 2007	Net Revenue	
Asotin County	0.3%	0.5%	\$37,526,798	\$75,054	0%	0%	\$76,254,800	\$0.00	\$75,054
Asotin	0.3%	0.5%	\$5,873,262	\$11,747	0.5%	0%	\$4,757,200	-\$23,786.00	(\$12,039)
Clarkston	0.3%	0.5%	\$153,089,457	\$306,179	0%	0%	\$27,687,467	\$0.00	\$306,179
Total			\$196,489,517	\$392,979			\$108,699,467	-\$23,786.00	\$369,193
Maximum Rate	0.5%				0.5%				

Option 2: Maximum REET

County / City	Sales Tax				REET				Total Net Revenue
	"Optional" Tax Current Rate	New Rate	Taxable Sales 2007	Net Revenue	General Purposes Rate	New Rate	Taxable Sales 2007	Net Revenue	
Asotin County	0.3%	0.3%	\$37,526,798	\$0	0%	0.5%	\$76,254,800	\$381,274	\$381,274
Asotin	0.3%	0.3%	\$5,873,262	\$0	0.5%	0.5%	\$4,757,200	\$0	\$0
Clarkston	0.3%	0.3%	\$153,089,457	\$0	0%	0.5%	\$27,687,467	\$138,437	\$138,437
Total			\$196,489,517	\$0			\$108,699,467	\$519,711	\$519,711
Maximum Rate	0.5%				0.5%				

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group

¹⁶ A third option potentially open to the City of Asotin is to increase its Optional sales tax to less than the full 0.5 percent, without decreasing its REET. It is not possible to categorically determine if this option is permissible under state statutes, due to the lack of clarity in the statutes and Leland Consulting Group's conversations with the Department of Revenue. Due to the uncertain legality of this tax option, it is not evaluated in the text of this report.

Debt Financing / Bonding

RCW: 39.36.020

Debt financing (or bonding) is not truly a funding source; rather, it is a financing tool that allows jurisdictions to convert an ongoing revenue stream into up-front capital dollars. Regardless of the terminology, however, bonding is an important aspect of transportation capital projects, and many of the funding sources described above can be converted into capital.

Revenue Potential. Bonding will generate capital funds of approximately 10 to 12 times the amount of the annual revenue stream, though the exact amount depends on the interest rate, term, revenue source, and debt-coverage ratio. In other words, a new revenue stream of \$100,000 in annual gas tax receipts would result in capital of \$1.0 to \$1.2 million.

Implementation. There are two types of general government bonds: Councilmanic (or council approved) and “unlimited” (or voter-approved). Unlimited bonds must be approved by a 60 percent vote. As Table 18 shows, councilmanic bonds are limited to 1.5 percent of the jurisdiction’s assessed property value, and unlimited bonds to 1.0 percent.

In addition, a jurisdiction can issue revenue bonds – tied to a dedicated source of revenue. These are used to finance projects for an enterprise that is self-supporting, for example, water and wastewater projects, parking garages, toll roads, and bridges. There is no statutory debt limit on revenue bonds, but the market often establishes an effective limit, because highly leveraged public entities are less attractive investments.

As Table 19 shows, all four Palouse counties are well within their limits for both council- and voter-approved bonded debt.

Jurisdictions. Cities, counties, ports, transit agencies, and TBDs can all issue bonds.

Project Types. Can be used for any type of transportation capital project.

Table 18. Statutory Debt Limitations for Washington Cities and Counties

GO Bond Type	Debt Limit as % of Jurisdiction's Assessed Value		
	Council Approved	Voter Approved	Total
General Government	1.50%	1%	2.50%
Municipally Owned Utilities	2.50%	0%	2.50%
Open Space and Parks	2.50%	0%	2.50%

Source: MRSC, Leland Consulting Group

Table 19. Debt Service and Debt Limitations, Palouse Counties, 2007

County	Assessed Value	Debt Limit			Debt Estimated	Debt Capacity Council Approved
		Council Approved	Voted	Total		
Asotin	\$1,041,964,123	\$15,629,462	\$10,419,641	\$26,049,103	\$7,174,975	\$8,454,487
Columbia	\$389,870,111	\$5,848,052	\$3,898,701	\$9,746,753	\$0	\$5,848,052
Garfield	\$173,540,301	\$2,603,105	\$1,735,403	\$4,338,508	\$0	\$2,603,105
Whitman	\$2,258,939,073	\$33,884,086	\$22,589,391	\$56,473,477	\$2,726,389	\$31,157,697
Maximum Debt Limit		1.50%	1.0%	2.50%		

Note: Debt estimated based on total general government debt service payments, 2007. Estimated debt does not include debt issued for utility or open space bonds.

Source: SAO, Leland Consulting Group

Other Local Revenue Sources and Tools

The following local-option revenue sources and “tools” are not considered to be amongst the primary, or most promising revenue sources for the various reasons described below. In many cases, they are unlikely to generate considerable new revenue.

General Funds

The General Funds of all the counties and cities in the Palouse region is another transportation funding source. Of course, securing additional General Fund dollars is always competitive. Because obtaining these funds is more a political than technical challenge, the revenue potential of General Funds is not analyzed here.

Transportation Impact Fees

RCW: 39.92.040; 82.02.050 – .100

As explained in the TBD section above, transportation impact fees are charges assessed by local governments against new development projects that attempt to recover the cost incurred by government in providing the public facilities required to serve the new development.

The research conducted during this report identified no Palouse jurisdictions that impose transportation impact fees. Instead, jurisdictions require exactions from developers based on the transportation impacts estimated during the planning phase of each new project. The transportation staff interviewed preferred this method because they see it as being more flexible and requiring less costly up-front analysis.

Implementation. Impact fees may be implemented by ordinance, following a notice and hearing procedure. The rate and assessment methodology must be determined by a rate study that evaluates the impacts of new development types on transportation infrastructure, and the costs to provide new infrastructure, often on a per-unit, per-trip, or per-square foot basis. Impact fees may be used to pay for the proportionate share of the cost of public facilities that benefit the new development; however, impact fees cannot be used to correct existing deficiencies in public facilities.¹⁷ It is the required identification of this cost-benefit nexus that distinguishes fees from taxes. Any Palouse jurisdictions seriously considering implementing an impact fee structure should review the previous studies performed elsewhere in Washington. Most studies are conducted by private consulting firms.

¹⁷ <http://www.mrsc.org/Subjects/Planning/transimpactfees.aspx>

Revenue Potential. In order to gauge the revenue potential of new impact fees, the residential and commercial fees imposed by Washington cities were reviewed. As the Association of Washington Cities notes, impact fee data “does not lend itself to summarization.”¹⁸ Residential fees vary widely, with most fees falling between \$900 and \$2000 per unit. However, some cities impose fees of more than \$6,000 per unit, and many cities impose fees that are calculated based on trip generation or other metrics. Commercial fees also vary widely, but generally fall between \$500 and \$2,000 per peak hour trip generated by new development.

Jurisdictions Served. Counties, cities, and TBDs can charge impact fees. TBDs can only charge impact fees on commercial development.

Project Types. Nationwide, almost all transportation impact fees fund highway and road facilities, due to the challenges associated with demonstrating that new development will require new pedestrian, transit, or other facilities.

Other Fees and Licenses

Although Washington statutes authorize counties and cities to impose other fees and licenses, these are unlikely to generate significant revenue, because they can only cover the cost of providing the related service or program, and administration. Other than transportation impact fees, no other major transportation-related fee was referenced by the transportation and funding experts interviewed for this report. Other fees imposed by Washington cities include business registration fees (averaging less than \$50), land use fees (plat filing fee, variance application fee, etc.), ambulance transport fees, and others.

Public-Private Partnerships (PPP)

Public-private partnerships involve engaging the private sector to design, build, operate, and/or maintain a transportation facility.

During the design/build phases, the function of PPP is somewhat akin to debt financing: it is a tool to transform a revenue stream into up-front capital. The PPP may also introduce additional technical capacity or other skills. In most cases, this requires a revenue source, most often a bridge or highway toll, to pay for the private sector’s contributions. Since there is no known toll-generating facility in the Palouse, a design or build PPP is unlikely.

¹⁸ *Tax and User Fee Survey*, AWC, 2008.

Operations and maintenance PPPs are also possible. For example, some transit agencies contract with private companies to provide certain transit services. However, like design/build PPPs, these are not funding sources.

Local Improvement District (LID)

A Local Improvement District (LID) is an area within which properties are assessed in order to pay for specific infrastructure improvements that benefit the district. The amount that properties pay must be demonstrated to be in proportion to, and less than, the benefits that they will receive, which almost always requires an independent cost-benefit study. For example, if a new road can be shown to increase land values by 1 percent, then adjacent property owners can be asked to pay an amount equal to 1 percent or less of their property value, often amortized over a 20 year period. Property owners in the district vote to approve or reject the LID formation.

While LIDs have been implemented throughout Washington State, they are logistically challenging to form, limited in the revenues they can collect (revenues must be less than benefits), and subject to the approval of those affected. The transportation professionals interviewed for this report felt that, in most cases, the staff time and consultant costs necessary to form LIDs outweighs their potential benefits. LIDs should be considered for improvements that will confer unique benefits upon a limited geographical area, where local support is high, and will otherwise not be funded.

Jurisdictions interested in exploring the potential of LIDs should consult the *Local Improvement District Manual*, Municipal Research and Services Center and American Public Works Association, Washington State Chapter, 2003.¹⁹

Parking Meters and Commercial Parking Tax

Cities and counties are authorized to operate and generate revenue from parking meters, and to levy a tax on privately operated parking businesses. There is no limit to the tax rate, which can be levied on a per stall basis or on a business' gross receipts. The project team consistently heard that parking related revenues were unlikely to result in significant transportation revenues, and thus made no revenue projections. Although parking charges are unlikely to generate significant region-wide revenues, they have received considerable recent attention for their potential for localized revenue generation and "demand management," particularly in downtowns or other high-demand districts.²⁰

¹⁹ <http://www.mrsc.org/Subjects/PubWorks/lidpg.aspx>

²⁰ See *The High Cost of Free Parking*, Donald Shoup, 2005, and other publications by the same author.

Local Option Taxes for High Capacity Transportation

This set of local option taxes is not available to the Palouse region. It is only authorized for regional transit authorities in King, Pierce, and Snohomish Counties, and transit agencies in Thurston, Clark, Kitsap, Spokane, and Yakima Counties. The taxes include an employer tax (up to \$2 per employee per month), a sales and use tax (up to 1.0 percent), and a motor vehicle excise tax.

It is possible that the Palouse could lobby the legislature to extend this set of local option taxes to Palouse counties. However, it is not clear that the taxes would be superior to those authorized under the TBD legislation.

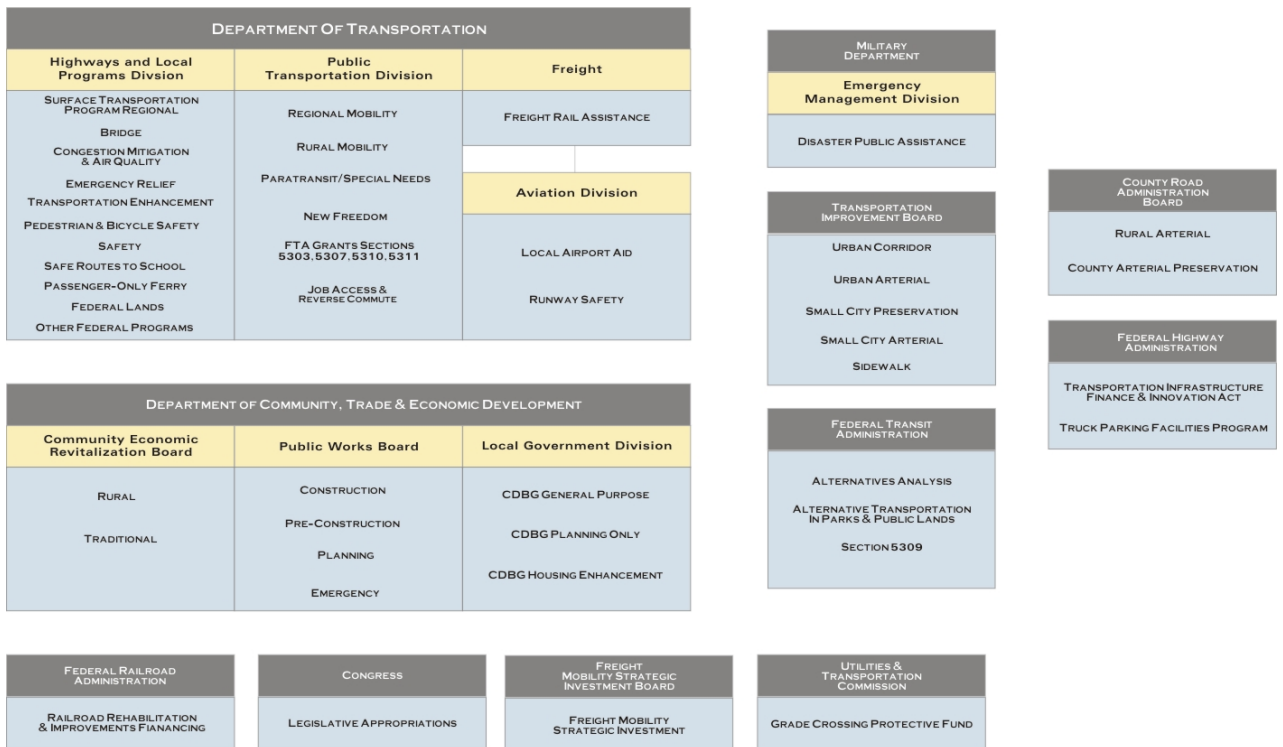
Regional Transportation Investment Districts (RTIDs)

This set of local option taxes is not available to the Palouse region. It is only authorized in King, Pierce, and Snohomish Counties.

State and Federal Sources

Figure 5 provides an illustration of the state and federal programs that were reviewed for this project grouped by agency in charge of administering the funds. The gray headings indicate the agency in charge of administering funds, the yellow indicates the division underneath the agency, when applicable, and the programs themselves are in blue. Unless otherwise indicated, all agencies are part of the Washington state government.

Figure 5. State and Federal Funding Sources



Source: Joint Legislative Audit and Review Committee, State of Washington; Kittelson Associates

The figure shows that a number of different agencies administer grant and loan programs for transportation projects. Table 20 provides a listing of the programs administered by the agencies shown above. The table also indicates whether the program funds are administered via a competitive application process, a formula-based distribution, or if it is a loan, and it shows the amount allocated by each program during the last fiscal year that the information was available. The Excel database contains more detailed information regarding each of the programs.

These programs have differing missions and scopes. It is important to understand the funding program criteria in order to identify appropriate projects and improve chances for receiving funds. The Excel database contains more information on each program shown above, including contacts.

Table 20. Overview of State and Federal Programs

Agency	Program name	Type	Last Distribution
WSDOT - Highways and Local Programs	Pedestrian and Bicycle Safety	Competitive	\$9,000,000
	Safe Routes to School	Competitive	\$9,000,000
	National Historic Covered Bridge Program	Competitive	\$10,000,000
	National Highway System	Formula	\$6,307,000,000
	Safety	Competitive	\$21,100,000
	Surface Transportation Program – Regional	Formula	\$63,381,080
	Bridge	Competitive	\$46,000,000
	Congestion Mitigation and Air Quality	Formula	\$24,064,000
	Emergency Relief	Competitive	\$22,600,000
	Transportation Enhancement	Formula	\$12,425,000
	National Scenic Byways Program	Competitive	\$43,500,000
	Recreational Trails Program	Formula	\$85,000,000
	Highways for Life Pilot Program	Competitive	\$20,000,000
	Metropolitan Planning Program	Formula	N/A
	National Corridor Infrastructure Improvement Program	Competitive	\$390,000,000
	Transportation and Community and Systems Preservation	Competitive	\$53,466,000
	Federal Lands Highways Program - Forest Highways & Reservation Roads	Formula	\$650,000,000
	Federal Lands Highways Program - Public Lands Discretionary	Competitive	\$100,000,000
	Passenger Only Ferry Grant	Competitive	N/A
	WSDOT - Freight	Freight Rail Assistance	Loan
WSDOT - Public Transportation	Regional Mobility Grant	Competitive	\$20,000,000
	Rural Mobility Grant - Formula	Formula	\$4,250,000
	Rural mobility Grant - Competitive	Competitive	\$4,200,000
	Paratransit/Special Needs - Formula	Formula	\$9,750,000
	Paratransit/Special Needs - Competitive	Competitive	\$2,750,000
	New Freedom Program	Competitive	\$92,500,000
	Section 5307 Large Urban Cities	Formula	\$129,096,000
	Section 5310 Grants for Transportation...Elderly and Persons with Disabilities	Competitive	\$2,408,000
	Section 5311 Rural and Small Urban Area Assistance	Formula	\$465,000,000
	Section 5303 Metropolitan Planning Grants	Formula	\$94,000,000
Job Access and Reverse Commute (JARC)	Formula	\$527,000	
WSDOT - Aviation	Local Airport Aid Grant	Competitive	\$1,100,000
	Runway Safety	Competitive	\$15,000

Source: Joint Legislative Audit and Review Committee, State of Washington; Kittelson Associates

Overview of State and Federal Programs (continued)

Agency	Program name	Type	Last Distribution
Transportation Improvement Board	Urban Corridor	Competitive	\$25,791,000
	Urban Arterial	Competitive	\$27,659,000
	Small City Arterial	Competitive	\$9,042,000
	Sidewalk	Competitive	\$2,915,000
	Small City Preservation	Competitive	\$2,721,000
County Road Administration Board	Rural Arterial	Formula	\$20,000,000
	County Arterial Preservation	Formula	\$15,000,000
Freight Mobility Strategic Investment Board	Freight Mobility Strategic Investment	Competitive	#N/A
Utilities and Transportation Commission	Grade Crossing Protective Fund	Competitive	#N/A
Dept of Community, Trade, and Economic Development	CERB Rural	Loan	\$10,200,000
	CERB Traditional	Loan	\$10,200,000
	Public Works Assistance Account - Construction	Loan	\$155,000,000
	Public Works Assistance Account - Pre-Construction	Loan	\$25,305,000
	Public Works Assistance Account - Emergency	Loan	\$883,000
	Public Works Assistance Account - Planning	Loan	\$848,000
	CDBG General Purpose	Competitive	\$11,500,000
	CDBG Community Investment	Competitive	\$5,127,000
	CDBG Housing Enhancement	Competitive	\$1,000,000
Washington Military Department	Disaster Public Assistance	Competitive	#N/A
Federal Highway Administration	Transportation Infrastructure Finance and Innovation Act	Loan	\$122,000,000
	Truck Parking Facilities Program	Competitive	\$6,250,000
	Work Zone Safety Grants	Competitive	\$5,000,000
National Highway Traffic Safety Administration	Alcohol-Impaired Driving Countermeasures Incentive Grants	Competitive	\$139,000,000
Federal Transit Administration	Alternatives Analysis	Competitive	\$326,550
	Alternative Transportation in Parks and Public Lands	Competitive	\$27,000,000
	Section 5309 - Small Starts and Very Small Starts Programs	Competitive	\$200,000,000
	Section 5309 Capital Grants - Fixed Guideway Modernizations	Formula	\$26,275,000
	Section 5309 Capital Grants - New Starts	Competitive	\$83,309,000
	Section 5309 Capital Grants - Buses & Bus Facilities	Competitive	\$17,959,000
Federal Railroad Administration	Railroad Rehabilitation and Improvement Financing	Loan	\$7,600,000

Source: Joint Legislative Audit and Review Committee, State of Washington; Kittelson Associates

Excel Database

The Excel database contains key characteristics of the state and federal programs that were reviewed for this project. These include distribution type and time frame, jurisdictions eligible to apply, eligible project types, revenue potential, notable strengths and weaknesses (as they relate to the PRTPPO), information sources, contact information, and general notes. The columns of the database are searchable in order to facilitate the identification of appropriate programs. This database provides a good starting point when searching for federal and state funds; however it is not meant to be a wholly comprehensive list of all possible programs, due to data availability and the fact that programs frequently change. For these reasons, the contact information provided in the database should be utilized prior to applying for a program.

Strategic Approaches

A constant message heard by the team is that it will likely be challenging to obtain additional state and federal money. As Table 20 shows, a number of programs have formula-based distributions that offer essentially no opportunity for an agency to intentionally increase its share. There is also a backlog of unfunded projects, some of which are already lined up in certain programs. Consequently, there is often stiff competition for application-based program funds.

Therefore, it is important that the PRTPPO organize strategic efforts to aid its member agencies in being successful at obtaining these competitive funds. One way for this to happen is for PRTPPO, with input from its member agencies, to categorize the region's top priorities. Typically areas with smaller populations are more successful when they organize together to push certain projects. A prioritized list that the entire region stands behind will give top projects added weight with selection committees. Such an effort will require compromise, but it can only be successful if the region is unified in the effort.

Another strategy is to involve the local business community. AWC cited Clark County as being possibly the most successful area at obtaining state and federal funds. A key reason for this success is the partnership between local governments and the business community. The two groups have organized into a non-profit organization called "Identity Clark County." This connection with the local business community shows that the projects being pushed forward will indeed add value to the community.

Federal Funding

At this time, the future of federal funding is not completely known. The current federal transportation authorization act (SAFETEA-LU) is about to expire. Most of the money authorized under this bill has been distributed and many of its programs have already completed their last call for projects or distribution. Association of Washington Cities staff speculated that the next reauthorization may have a focus on metropolitan regions, with more money being directly distributed to Metropolitan Planning Organizations (MPOs). If any member agency of the PRTPPO

would like to provide input regarding lobbying for reauthorization, they should contact either AWC or WSAC.

In general, contact with federal agencies is ineffective in obtaining new money. A significant portion of federal money is either distributed through a formulaic process or is appropriated by congress. To that end, contact with state and federal legislators in an attempt to secure legislative appropriations is one possible way the member agencies of PRTPPO can try to bring in new funds.

Finally, it is important to note that the PRTPPO is a state-designated entity and therefore does not typically receive federal grants, unlike an MPO, which is a federal designation. However, PRTPPO may help its member agencies in applying for federal money. Also in some instances, it may receive federal funds from the state to disburse to its member agencies, such as Transportation Enhancement funds.

For all questions regarding federal funding, contact the appropriate Highways and Local Programs Engineer at WSDOT (Roger Arms, 509-577-1657 for Asotin, Garfield, and Columbia counties; Keith Martin, 509-324-6080 for Whitman County).

WSDOT

Figure 5 shows that WSDOT, through its various divisions, administers the greatest number of grant and loan programs for transportation projects. However, what is not made clear by this figure is that a number of the programs shown under WSDOT are federal programs (e.g., Surface Transportation, Transportation Enhancement, Safety, etc...) administered by the state. In fact, most FHWA, and a significant portion of other federal agencies (e.g., FTA) funding passes through WSDOT. This typically occurs in one of two ways, either 1) FHWA allocates money to the state based on a formula and then WSDOT administers the funds to local agencies via a formulaic or competitive process (e.g., Safety, Surface Transportation Program), or 2) the state puts together a list of projects, some of which may have local partners/sponsors, and applies for competitive FHWA grants (e.g., the discretionary component of the Federal Lands program). Agencies should contact their respective regional local programs engineer at WSDOT for federal funding questions because they are in charge of administering most federal funds within their respective regions and consequently have a good knowledge of the programs and their application processes. Table 21 summarizes the funding sources for WSDOT-administered programs, whether federal, state, or both.

Table 21. WSDOT Program Funding Sources

Program name	Funding Source
National Historic Covered Bridge Program	Federal
National Highway System	Federal
Safety	Federal
Surface Transportation Program – Regional	Federal
Bridge	Federal
Congestion Mitigation and Air Quality	Federal
Emergency Relief	Federal
Transportation Enhancement	Federal
National Scenic Byways Program	Federal
Recreational Trails Program	Federal
Highways for Life Pilot Program	Federal
Metropolitan Planning Program	Federal
National Corridor Infrastructure Improvement Program	Federal
Transportation and Community and Systems Preservation	Federal
Federal Lands Highways Program - Forest Highways & Reservation Roads	Federal
Federal Lands Highways Program - Public Lands Discretionary	Federal
New Freedom Program	Federal
Section 5307 Large Urban Cities	Federal
Section 5310 Grants for Transportation... Elderly and Persons with Disabilities	Federal
Section 5311 Rural and Small Urban Area Assistance	Federal
Section 5303 Metropolitan Planning Grants	Federal
Job Access and Reverse Commute (JARC)	Federal
Safe Routes to School	State/Federal
Pedestrian and Bicycle Safety	State
Passenger Only Ferry Grant	State
Freight Rail Assistance	State
Regional Mobility Grant	State
Rural Mobility Grant - Formula	State
Rural mobility Grant - Competitive	State
Paratransit/Special Needs - Formula	State
Paratransit/Special Needs - Competitive	State
Local Airport Aid Grant	State
Runway Safety	State

Source: Kittelson Associates

Table 21 shows that 23 of the 33 programs administered by WSDOT involve federal funds, while the other 10 are wholly funded by the state.

The 19 programs administered by the Highways and Local Programs Division of WSDOT cover most state and FHWA funds. Many of these funds are distributed via a formula (e.g., Surface Transportation Program-Regional, Congestion Mitigation & Air Quality). Some are competitive (e.g., Safe Routes to School, Emergency Relief). Others are also competitive, but only after the agency has received an invitation to apply or is otherwise pre-qualified by the state (e.g., Bridge, Safety). Contacting the appropriate Highways and Local Programs Engineer at WSDOT (Roger

Arms, 509-577-1657 for Asotin, Garfield, and Columbia counties; Keith Martin, 509-324-6080 for Whitman County) is the best way to determine how funds will be allocated for each program.

The Public Transportation Division administers eleven programs, which are targeted for transit-related projects. These programs include FTA programs that are administered by WSDOT. Some programs are intended for dense, urban areas (e.g., Regional Mobility Grant and Section 5307 funds), but some are targeted specifically toward rural communities (e.g., Rural Mobility Grant and Section 5311 funds). Section 5310 funding can be helpful in providing demand-responsive service to elderly or other transportation-disadvantaged populations. Jerry Ayres is the contact in the Public Transportation Division (360-705-7912) at WSDOT.

The Aviation Division operates two grant programs. The Local Airport Aid Grant is the largest and is often used to leverage federal funds. The Runway Safety Grants are limited to \$2,500 per project. For more information about these grants, consult the Excel database or contact Jeff Kvamme of WSDOT at 360-651-6304.

The Freight Rail Assistance program administered by the Freight division is primarily a loan program, though it does give out a handful of grants. Kevin Jeffers is the contact at 360-705-7982.

Transportation Improvement Board

TIB has been an excellent source of funding for the Palouse region, having provided funding for 42 projects within the four counties since fiscal year (FY) 2004. This includes 34 projects in Whitman County, which is the 3rd highest of any county behind King and Pierce Counties. This is partially due to the fact that many cities within the Palouse area qualify for the Small City program. Funds for this program are fixed for the next biennium, unlike the urban program, which has seen a recent decline in its funding. Under the TIB program, funds are distributed via a formula between three regions (East, West, and Puget Sound) and then they are distributed competitively within the region. Despite the formulaic distribution to the regions, TIB provides an opportunity for the Palouse region to obtain additional state funding. Since TIB breaks the state down into only three regions, there is a substantial portion of the overall funding available via a competitive process.

In order for the Palouse region to continue, and possibly increase, the level of success with this program, the following tips should be kept in mind when applying for TIB funds:

- Successful agencies attend the training workshops that TIB holds around the state.
- Review program criteria ahead of time and find projects that fit, rather than trying to fit pre-selected projects to TIB programs.
- Engage TIB staff by inviting them to come out, as they will meet with applying agencies on their project's site.

John Dorffeld (360-586-1147) is a contact at TIB for further questions.

Other State Revenue Sources

County Road Administration Board

The County Road Administration Board (CRAB) administers two grant programs, shown in Table 20. These programs are aimed at rural, county-owned arterials. In order to keep administration costs low, the funds are distributed based on formulas. The Rural Arterial program's funds are distributed via a formula to different regions of the state and then counties compete for the funds within their respective region. The County Arterial Preservation program's funds are distributed directly to counties via formula based on a statewide pavement management program.

Freight Mobility Strategic Investment Board

The Freight Mobility Strategic Investment Board (FM SIB) keeps an active waiting list of larger freight-related projects. When the projects are ready for construction, the board makes recommendations to the governor and legislature for which should receive funding. Karen Schmidt can be contacted at 360-586-9695 for more information.

Utilities and Transportation Commission

The Washington Utilities and Transportation Commission's (UTC) Grade Crossing Protective Fund provides grants to agencies wishing to improve at-grade rail crossings. Contact Kathy Hunter at 360-664-1257 for more information.

Department of Community, Trade, and Economic Development

Economic development funds provide another opportunity for the Palouse area to obtain additional state and federal funding. The Southeast Washington Economic Development Association (SEWEDA) and PRTPPO are very closely related agencies. This helps show that the region recognizes that transportation and economic development are interrelated. Three divisions within the Department of Community, Trade, and Economic Development (CTED) operate programs that provide funding that could be used on transportation related projects:

- Public Works Board
- Community Development Block Grant (CDBG)
- Community Economic Revitalization Board (CERB)

Public Works Board. The Public Works Board operates four loan programs through the Public Works Trust Fund (PWTF): Planning, Pre-Construction, Construction, and Emergency. These programs are well funded, with the state legislature authorizing \$289 million for the PWTF in the 2005-07 biennium. The loans are offered at low interest rates. The Pre-Construction and Construction loans currently carry an interest rate of 0.5 to 2.0 percent, depending on the size of the local match. The Planning loan has a 0 percent rate and the Emergency loan rate is 3.0 percent.

These programs have most often been used by utilities, which expect to see an increase in revenue as a result of their expansion. However, they could certainly be used for transportation projects if a stable revenue stream can be dedicated for repayment.

Contact Ann Campbell at 360-586-4133 for more information.

Community Development Block Grant (Local Government Division). The CDGB program is federal Housing and Urban Development (HUD) funds administered by the state to benefit low- and moderate-income groups. Three of its grant programs can be used on transportation related projects: Planning Only Grant, General Purpose Grant, and Housing Enhancement Grant.

The Planning Only Grant can be used on capital improvement plans, environmental studies, and other plans and feasibility studies. It cannot be used on construction. Typically these grants fund sewer and water plans. They rarely fund plans with a significant transportation component.

The General Purpose Grant can be used for construction/reconstruction of streets and sidewalks and can be used as a local match for federal funds. It cannot be used for maintenance purposes. It is rare that a roadway only project is successful at receiving these funds. However, funds are often awarded to projects that combine transportation with other work such as street reconstruction and sewer or water improvements. Sidewalk work is a common component of these projects.

The Housing Enhancement Grant is for off-site infrastructure related to an affordable housing project. Housing Trust Fund money does not fund these infrastructure improvements, which are often necessary for the success of the project, so this grant was created to provide funding assistance for those projects. These funds are often used for a project that is a combination of water, sewer, and roadway improvements.

As a general rule, transportation-only projects are hard to fund with CDBG programs. It can be difficult to show that transportation projects primarily benefit low- and moderate-income populations, and not the population in general. If CDBG funding is given to transportation projects, typically it is because transportation improvements are packaged with other improvements as part of a complete project. CDBG programs have been continually funded for over 20 years.

Tips for a successful CDBG application include:

- Attend one of the two workshops that are held around the state (one on the east side, one on the west side).
- Check the website (<http://www.cted.wa.gov/site/806/default.aspx>). It contains handbooks for each grant program and other important information.
- Make sure the project principally benefits low- and moderate-income populations and be able to clearly show this.

- Projects should be ready for construction, but just in need of some additional funds to start work.
- Projects that address a public health or safety issue are given priority.

Contact Karen Roe at 360-725-3018 for more information.

Community Economic Revitalization Board. CERB provides primarily loan-based assistance. Some grants are available, but only in special circumstances. There is a Traditional program and a Rural program. The Traditional program requires that a private business be a project sponsor and show that the project is necessary to expand its business. The applicant must also show that no other funds at comparable rates are available. The Rural program is for designated Rural Counties or Natural Resource Areas only. All four member counties of the PRTPO are designated as Rural Counties for the purposes of this program. It is similar to the Traditional program, except it can be used to help attract business or tourism and does not need to have a specific business sponsoring the application. Contact Matt Ojennus at 360-725-4047 for more information.

Conclusion – State and Federal Funding

The future of federal transportation funding is dependent on the programs included in the next congressional reauthorization. It is likely that obtaining additional state and federal money will be difficult for the PRTPO's member agencies. Potential opportunities for PRTPO to receive additional funding do exist through federal appropriations, TIB, and CTED. It is important that the member agencies of PRTPO be organized and unified in order to maximize their chances for success at the state and federal levels.

Appendices

A. Transportation Funding Database

A Microsoft Excel “database” file was created along with this report (*Palouse_Transportation_Funding_Guide_2009.xls*). The file can be searched for funding sources that fit the needs of individual transportation agencies in the Palouse.

B. Additional Resources and Websites

Table 22. Resources and Websites – Local Revenue Sources

Document/Resource	Web site
<i>Tax Reference Manual</i> , Department of Revenue, State of Washington	http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2007/Tax_Reference_2007
<i>The Local Government Finance Reporting System</i> , State Auditor’s Office, State of Washington	http://www.sao.wa.gov/applications/lgrfs/
<i>Transportation Resource Manual</i> , Washington State Legislature	http://www1.leg.wa.gov/JTC/TRM/
<i>Revenue Guide for Washington Counties, Revenue Guide for Washington Cities</i> , and other publications, Municipal Research and Services Center	http://www.mrsc.org/Subjects/Transpo/transfund.aspx
<i>Tax and User Fee Survey</i> , 2008, Association of Washington Cities	http://www.awcnet.org/Publications / By Subject Area / Budget/Finance / Tax and User Fee Survey
<i>Revised Code of Washington</i> (RCW), Washington Legislature	http://apps.leg.wa.gov/RCW/

Table 23. Agencies Websites - State and Federal Revenue Sources

Agency	Division	Website
WSDOT	Highways and Local Programs	http://www.wsdot.wa.gov/localprograms/
	Freight	http://www.wsdot.wa.gov/Freight/Rail
	Public Transportation	http://www.wsdot.wa.gov/transit
	Aviation	http://www.wsdot.wa.gov/aviation
Transportation Improvement Board		http://www.tib.wa.gov/default.cfm
Washington State County Road Administration Board		http://www.crab.wa.gov/Grants/NewRAP.asp
Freight Mobility Strategic Investment Board		http://www.fmsib.wa.gov/
Washington Utilities and Transportation Commission		http://www.wutc.wa.gov/
Department of Community, Trade, & Economic Development		http://www.cted.wa.gov/
Washington Military Department	Emergency Management Division	http://www.emd.wa.gov/
Federal Highway Administration		http://www.fhwa.dot.gov/
Federal Highway Administration	Federal Lands Highway	http://flh.fhwa.dot.gov/
Federal Transit Administration		http://www.fta.dot.gov/
Federal Railroad Administration		http://www.fra.dot.gov/
Governors Highway Safety Association		http://statehighwaysafety.com/

C. Additional Tables

Table 24. REET Tax Rates and Revenue Potential, Palouse Counties and Cities

Key

Additional Taxing Capacity

City/County Name	Total Rate State & Local	State Rate	Current Local Rate				Additional Capacity		Estimated Tax Base	Revenue Potential Cap. Imp 1 & 2
			Capital Improvement 1	Capital Improvement 2	In Lieu of Sales Tax	Total Local	Capital Imp. 1 & 2	In Lieu of Sales Tax		
Asotin County	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	Yes	\$40,630,543	\$0
Asotin	2.03%	1.28%	0.25%	0%	0.50%	0.75%	0%	No	\$3,831,875	\$0
Clarkston	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	Yes	\$22,991,250	\$0
Columbia County	1.78%	1.28%	0.25%	0.25%	0%	0.50%	0%	No	\$3,926,880	\$0
Dayton	1.53%	1.28%	0.25%	0%	0%	0.25%	0.25%	No	\$8,645,470	\$21,614
Starbuck	1.28%	1.28%	0.00%	0%	0%	0.00%	0.50%	No	\$411,689	\$2,058
Garfield County	1.53%	1.28%	0.25%	0%	0%	0.25%	0.25%	No	\$2,612,642	\$6,532
Pomeroy	1.53%	1.28%	0.25%	0%	0%	0.25%	0.25%	No	\$4,829,429	\$12,074
Whitman County	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$19,039,035	\$0
Albion	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,979,274	\$0
Colfax	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$9,199,667	\$0
Colton	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,330,072	\$0
Endicott	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,041,890	\$0
Farmington	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$443,357	\$0
Garfield	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,995,108	\$0
LaCrosse	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,108,394	\$0
Lamont	1.28%	1.28%	0.00%	0%	0%	0.00%	0.25%	No	\$285,015	\$713
Malden	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$680,870	\$0
Oakesdale	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,330,072	\$0
Palouse	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$3,246,010	\$0
Pullman	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$85,979,675	\$0
Rosalia	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$2,058,445	\$0
St. John	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,754,429	\$0
Tekoa	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$2,660,145	\$0
Uniontown	1.53%	1.28%	0.25%	0%	0%	0.25%	0%	No	\$1,092,559	\$0
Maximum Rate			0.25%	0.25%	0.50%	1.00%				
Total									\$223,103,799	\$42,990

Source: Washington State Auditor's Office, Washington Department of Revenue, Leland Consulting Group