

Transportation Benefit District Sales Tax Election

What is it?

The state Legislature created a section of law allowing local governments to create Transportation Benefit Districts (TBD) as a way to maintain local streets after several statewide initiatives removed crucial sources of revenue used to help fund such projects. **City voters on February 14, 2012 will be asked to increase the sales tax rate from 8.5 percent to 8.7 percent for transportation improvements.**

Districts are designed to create a specific district boundary where a revenue source is captured, and that money is legally-required to be used for transportation purposes and nothing else.

Why is it necessary in Ferndale?

An estimated \$15.64 million in street maintenance and reconstruction is needed in Ferndale, not including any potential work to upgrade underground utilities or to add sidewalks.

Reconstruction projects are costly, but funding from a TBD may allow the city to use some of that funding to further leverage additional state and federal grant revenue. The money will also be used for needed street maintenance, which will help prevent more roads from requiring full-scale, costly reconstruction later. About 27 percent of the City's 55 miles of road lanes are in need of full reconstruction now due to lack of funding for maintenance projects.

Ferndale is a jurisdiction with very little sales tax revenue, meaning unlike some cities – Bellingham, for instance – finding funding for crucial street maintenance projects can be more difficult. The City works diligently to maintain its infrastructure in order to ensure public safety and to enhance the quality of life in the community, but there is very little funding for transportation improvements.



ELECTION: Ferndale voters will decide on a two-tenths of 1 percent sales tax increase, or 20 cents for every \$100 spent on February 14, 2012.

Get more information at www.cityofferndale.org



Before



After

LaBounty Road 2009 vs. 2010

Sales Tax Details

- With the current revenue stream, two-tenths of 1 percent will generate about \$300,000 annually.
- For every \$100 spent, 20 cents is generated in new revenue based on the two-tenths of 1 percent. For every \$1,000 spent, \$2 would be generated from the sales tax increase.
- State law allows the tax to be in place for 10 years unless approved by voters for another 10 years or if the City sells bonds to pay for projects. The tax may remain in place until the bonds are paid off. Bonds generally are paid off between 10 and 20 years.
- Additional retail development in the City could generate as much as \$7.4 million over 20 years citywide from a TBD sales tax.
- Any necessary road improvements needed because of new retail could be paid for with the new revenue source. The City would be required to help pay for such improvements due to new growth and does not currently have a specific funding source available for potential projects.