

POLICY NOTE

One year after voters defeated King County Metro Transit's Proposition 1 – the sky didn't fall

By Bob Pishue, Director, Coles Center for Transportation

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When King County voters handily rejected Metro Transit's Proposition 1 in April of 2014, County leaders' proposal to increase regressive sales taxes and to raise car tab fees by \$60, King County Executive Dow Constantine said he would follow through with his threat to cut 16 percent of Metro bus service. He asserted, "There are no other options but to cut service,"¹ and "without the revenue from Proposition 1, reductions to transit service are now unavoidable."² Seattle Mayor Ed Murray called the situation "a crisis," and proposed his own tax-increase plan to "prevent significant impacts" to 50,000 riders on transit.

Earlier, King County Councilmember Larry Phillips warned the planned cuts would have dreadful effects. He said their own planned bus cuts would "harm low-wage workers" and "increase traffic congestion, damage our economic competitiveness, diminish mobility options for seniors, youth and people with disabilities, and hurt our environment."³

Seattle City Councilmember Kshama Sawant said cutting bus service would "disproportionately affect low-wage workers, the elderly, the disabled, and people of color."⁴

Ken Michelson, the Director for the Alliance for People with Disabilities cautioned, "People could literally die without transit to access food, and go to needed doctor appointments."⁵

1 "Voters rejecting new money for transit; bus cuts coming," by Mike Lindblom, *The Seattle Times*, April 22, 2014, at www.seattletimes.com/seattle-news/voters-rejecting-new-money-for-transit-bus-cuts-coming/.

2 Message from King County Executive Dow Constantine to Move King County Now campaign, May 8, 2014, at www.downtownseattle.com/blog/2014/05/08/whats-next-for-king-county-metro-transit-a-message-from-king-county-executive-dow-constantine/.

3 "Guest: Vote 'yes' on Proposition 1, avoid cuts to Metro," by Larry Phillips, *The Seattle Times*, March 29, 2014, at www.seattletimes.com/opinion/guest-vote-yes-on-proposition-1-avoid-cuts-to-metro/.

4 "Council News Release," Kshama Sawant, January 21, 2014, at www.seattle.gov/council/newsdetail.asp?ID=14168.

5 "As Metro Funding Derails, The Disabled Search For New Ways To Stay On Track," by Leigh Ann Smith, *Capitol Hill Times*, May 21, 2014, at www.capitolhilltimes.com/2014/05/metro-funding-derails-disabled-search-new-ways-stay-track/.

With such catastrophic projections, we decided to look at how bus service changed in King County. One year later, this is what we found.

Finding: Devastating bus cuts did not happen – Metro became more efficient and gained ridership without increasing regressive taxes

Despite the claims by public officials that “there are no other options but to cut service,” King County Councilmembers canceled their promised bus cuts. By finding efficiencies and better managing rising revenues at current tax rates, the Council preserved 95 percent of bus service and made the bus system more efficient. Metro Transit is now on-pace to grow ridership even higher this year,⁶ despite claims from Metro representatives that without Proposition 1’s regressive tax increases, Metro would lose “an unprecedented 14 million rides annually” due to service cuts.⁷

Finding: Low-income families benefited the most from Proposition 1’s failure

Low-income families actually benefited the most from the defeat of Proposition 1. Voters stopped King County officials from increasing the regressive tax burden on all working families, whether or not they ride the bus. In addition, low-income bus riders got a break at the farebox. They now pay a reduced-\$1.50 per ride instead of the \$3.25 peak two-zone fare. In fact, according to Metro’s survey released this month, new riders on Metro tended to be younger, have lower incomes and are more racially diverse than Metro’s “experienced” riders.⁸

Finding: Metro continues to see windfall profits without regressive tax increases

Prior to the vote, Metro officials claimed a \$60 million operating revenue shortfall resulted in the need to cut neighborhood bus service. However, in March of 2014, Washington Policy Center reported that Metro was actually receiving a \$32 million sales tax windfall above budgeted estimates.⁹ Metro officials ultimately acknowledged the improved revenue picture; however, they only planned on receiving less than half of the additional revenue.¹⁰

Last year, Metro officials have collected record-breaking levels of tax revenue. Information released by King County last month reveals Metro received an

6 “Metro Online, Accountability Center, Ridership,” King County Metro Transit, as viewed on April 27, 2015, at metro.kingcounty.gov/am/reports/monthly-measures/ridership.html.

7 “King County proposes April ballot measure for Metro funding,” *Federal Way Mirror*, January 21, 2014, at www.federalwaymirror.com/news/241334871.html.

8 “King County Metro Transit 2014 Rider Survey, Final Report,” King County Metro Transit, April 2015, at metro.kingcounty.gov/am/reports/2014/2014-rider-survey-final.pdf.

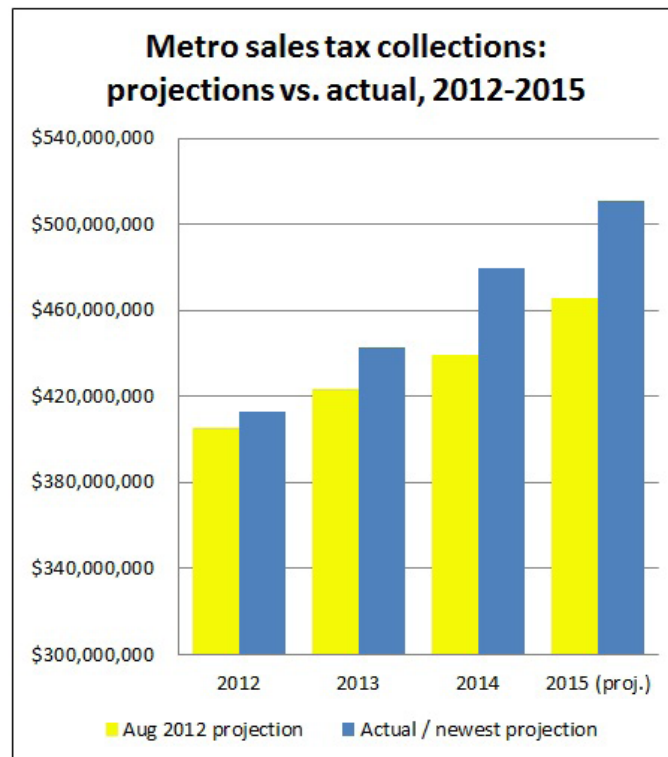
9 “Metro announces record-high tax collections,” by Bob Pishue, Washington Policy Center, March 19, 2014, at www.washingtonpolicy.org/blog/post/metro-announces-record-high-tax-collections.

10 “Some voters skeptical about tax increases for Metro,” by Essex Porter, KIRO 7 News, April 11, 2014, at www.kirotv.com/news/news/some-voters-skeptical-about-tax-increases-metro/nfYRW/.



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even-higher \$40 million tax windfall last year, and officials project six to seven percent growth this year.¹¹ The new growth estimates show Metro will receive over half a billion dollars in sales tax revenue alone this year, all without raising regressive taxes.



Source: King County Office of Economic and Financial Analysis

The public's experience with Proposition 1 provides an important lesson. When you hear public officials threaten to cut vital services if they don't receive more tax money, it is likely the threats are exaggerated, and that tax revenue may be increasing anyway.

Threats of service cuts tied to tax increases are often presented as a false choice that fails to consider other policy alternatives. In this case, King County Metro officials actually improved service to the public, gained ridership, helped low-income residents and grew their revenue, all without raising the regressive tax burden county officials impose on working families.

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¹¹ A comparison between King County's Office of Economic and Financial Analysis' August 2012 sales tax forecast and March 2015 sales tax forecast, at www.kingcounty.gov/business/Forecasting/Forecasts.aspx.