

PugetSoundPartnership

our sound, our community, our chance

Funding Options and Strategies Agenda Item #5

Prepared and Presented by: Jim Cahill

Approved by Director: *DDD*

Proposed Action: Information and Guidance

Summary

Since briefing the ECB at its last meeting, the Partnership and its finance strategy team has been continuing to develop the components of the Action Agenda finance strategy. The meeting today is to discuss specific funding sources and mechanisms that could be used for long-term implementation of the Action Agenda. Initial thinking on the elements of a financing strategy will also be discussed.

1. Draft Elements of the Action Agenda Finance Strategy

As the Partnership has worked to develop the finance strategy for the Action Agenda several promising approaches have risen to the top. The feasibility of these proposals, as well as how these programs will be packaged and timed, is still under development. The focus of the entire package is to accomplish three goals:

1. Increase the benefits of existing spending on the Puget Sound environment;
2. Provide incentives to private landowners and the development community to take or support actions that are consistent with the Action Agenda; and
3. Provide additional funding as needed to support priorities identified in the Action Agenda.

Specific components currently under review include:

Increase Benefits of Existing Spending

- Integrate Targeted Procurement into state grant and/or mitigation programs
- Establish Fee-In Lieu Mitigation Programs
- Develop Water Quality Crediting and Trading Programs

Incentivize Conservation Actions

- Implement Financial Incentives through existing permit fees, landowner assessments and tax credits

Provide Additional Funding

- Maximizing the use of existing infrastructure (Public Works Board, State Revolving Fund) loan programs
- Implement new revenue sources (Discussion below in items 2 and 3)

Question: What are the ECB member's views on the current draft components of the finance strategy?

2. Proposals for New Funding Sources

Traditional revenue sources to implement the Action Agenda, consisting primarily of multiple state and local tax revenues, are likely to be insufficient to fully implement the Action Agenda. One component of the finance strategy will be recommendations on new funding sources for the Action Agenda. At its last meeting, an extensive list of revenue options was shared with the ECB. Since then the Partnership has met with the Finance Strategy Advisory Committee to narrow this list of options down to those that seem most workable.

Categories of options still under consideration include:

- Utility (wastewater, septic, stormwater, domestic water etc) taxes and fees
- Development-related impact fees
- Excise taxes or fees on specific products
- Fees on cruise ships and commercial vessels
- Miscellaneous fees and taxes.

These options will be evaluated based upon their nexus to Puget Sound recovery, revenue potential, and ability to influence behavior. Additional work is needed to explore the legal and administrative issues.

Question: What are the ECB member's views on the feasibility and viability of this narrower list of revenue sources as a means of helping to finance the Action Agenda? Is there anything missing that you think is critical?

3. Revenue Collection Mechanisms

There are several options available to establish any new revenue sources for Puget Sound. Ideas under consideration include:

- A statewide tax and/or fee (All or a portion could be dedicated to Puget Sound Recovery)
- A regional tax and/or fee distributed by a region-wide entity such as the Regional Transit Authority (Sound Transit).
- A locally adopted tax or fee spent locally.

Depending upon the revenue option chosen, there are pros and cons associated with each approach.

Question: Do ECB member's have a preference or any guidance on revenue mechanisms that should be further investigated for inclusion in the Action Agenda finance strategy?