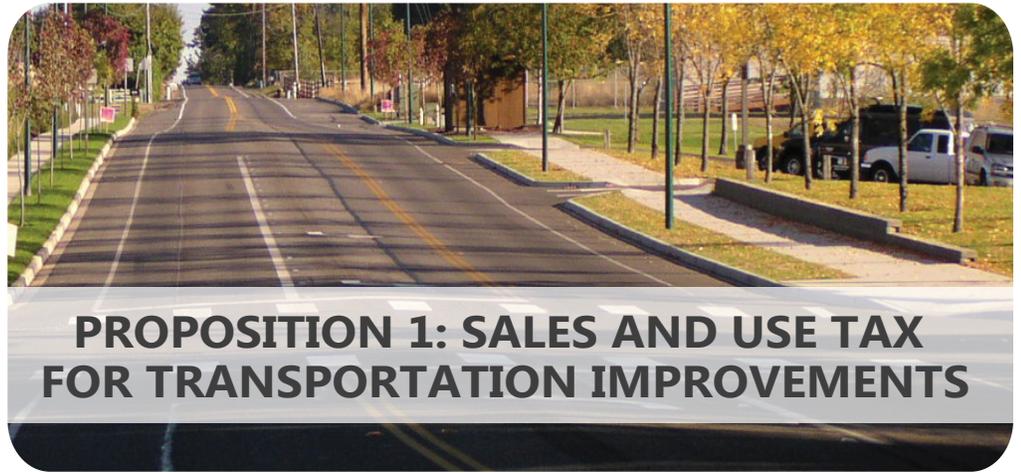


COVINGTON VOTER BALLOT MEASURE FACT SHEET



PROPOSITION 1: SALES AND USE TAX FOR TRANSPORTATION IMPROVEMENTS

A 0.2% sales tax increase would generate roughly \$750,000 per year to address Covington's unmet transportation needs.

What is a TBD?

A Transportation Benefit District (TBD) is an independent taxing authority that may be formed by local governments as a way to generate revenue for transportation improvements. Its sole purpose is to provide, construct and fund transportation improvements within the district. The Covington TBD has the same geographical boundaries as the city and is governed by the City Council acting as a separate, independent board. The TBD board cannot increase the sales tax without voter approval.

Why a TBD?

The Covington City Council appointed a Budget Priorities Advisory Committee in early 2012 to study the city's mix of taxes and services.

The committee's core recommendation was to form a transportation benefit district as soon as possible and ask voters to approve a 0.2% sales tax increase to fund the TBD.

Unmet transportation needs

The city's Street Fund, which pays to maintain city streets, has a budgeted shortfall of \$56,000 this year, and reserves are expected to run out by 2017. Among the causes for this shortfall are statewide ballot measures, the Great Recession, higher gas prices, and inflation.

The city's General Fund currently subsidizes the Street Fund—about \$250,000 is being transferred into the Street Fund annually, which still is not sufficient to meet the city's transportation needs.

The city currently does not build street projects unless it gets grants, does not overlay streets without grants, and does only limited pavement repair.

Proposed method of funding

A 0.2% sales tax increase is being proposed to generate enough revenue to continue to maintain and repair Covington's streets. It would raise the sales tax rate in Covington from 8.6 to 8.8%.

A 0.2% sales tax increase equates to one cent for every \$5.00 in taxable purchases. The sales tax would be paid by everyone who shops in Covington and uses Covington streets and services, not just Covington residents. It would generate roughly \$750,000 per year in revenue and expire in 10 years.

Covington's sales tax rate would remain lower—about 0.7% lower—than most cities in King County.



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