



Subarea Tax Revenue Allocation Audit & Reporting Committee – June 16, 2016

Introduction

Since implementing the subarea financial structure in 1997, more data has become available that has allowed us to more accurately account for subarea activity. The enhancements detailed below are a continuation of those necessary definitions and refinements.

MVET Revenue Collection & Reporting Change

In late 2016 the Department of Licensing (DOL) will implement a new vehicle registration and driver licensing system called “DRIVES” which will necessitate a change in the method with which they report motor vehicle excise tax revenue (MVET).

Currently MVET revenues are allocated based on zip codes which are assigned to subareas based on their location. Zip codes spanning more than one RTA subarea are allocated between subareas based on relative population. Implementation of the Drives system will result in the following:

- More accurate address determination, improving the accuracy of taxes collected within our jurisdiction and the need for manual boundary determinations.
- Implement Department of Revenue (DOR) location code identification allowing consistent tax revenue reporting methodologies for both agencies.

Change Impact

The impact of the implementation of the DRIVES system and the change to location code derived information was assessed for comparability of the information upon implementation. That review highlighted the following:

- Revenue reported by subarea was materially consistent with the revenues now reported using zip code information.
- Unincorporated areas within King County bordering subareas were impacted. Generally most of King County is incorporated however a few exceptions exist.
 - An area annexed by Renton in 2008 included in South King County revenue reports.
 - The unincorporated area of White Center, also currently allocated to South King County. This area is expected to vote on annexation to the city of Seattle in 2017, which would change the boundary between the North and South King County subareas.

As MVET is allocated based on zip codes, which are essentially static, revenues from the newly incorporated areas continued to be allocated to South King County since the annexation in 2008. This is unique to MVET allocation as sales and use tax revenues are allocated based on locations

codes, which generally follow city boundaries, and automatically include the impact of annexations.

Actions and Changes

1) Establish Administrative Guidance for GIS for the establishment of Subarea boundaries within King County

The following administrative policy was adopted for purposes of establishing the subarea boundaries for geographical allocation of revenue between subareas:

“The boundaries for King, Pierce and Snohomish County are established by County line. Within King County, East, North and South King County will follow the city limits, where possible, in the Sound Move Ten-Year Transit System plan maps included on pages 7 and 8. Page 8 depicts subareas boundaries in relation to cities.”

2) Adopt Location Code Revenue Reporting of MVET Revenue upon system implementation by DOL

3) Reclassify MVET Revenue between South King County and East King County for the 2008 Renton annexation effective for the 2015 Subarea Reporting Year

RTA Subarea boundaries near Renton

