



Friday Harbor Transportation Benefit District

PO Box 219 / Friday Harbor / WA / 98250

(360) 378-2810 / fax (360) 378-5339 / www.fridayharbor.org

Proposition 1: Sales & Use Tax

Frequently Asked Questions

What is a TBD?

A Transportation Benefit District (TBD) is a quasi-municipal corporation and independent taxing district created for the sole purpose of generating the funding to construct transportation improvements within the District's boundaries.

Why did the Legislature approve creation of a TBD?

The State Legislature created a statute that allows local governments to form a TBD as a way to build and maintain local streets, sidewalks and trails after several statewide initiatives reduced or eliminated revenue previously used to help fund such projects. Declining tax revenues statewide have led to deteriorating infrastructure in most municipalities.

Who may create a TBD?

The legislative authority of a county or city/town may create a TBD by ordinance following the procedures set forth in RCW Chapter 36.73.

Why create a TBD if the Town's legislative authority is the governing Board?

A TBD is a legal governmental authority so it must have a separate governing board.

How may the revenues collected be spent?

TBDs are designed to create a specific boundary (the Town limits) where the tax money is collected and must be used exclusively for transportation improvement purposes within that boundary. State Law mandates that revenues be maintained as a separate taxing district.



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When was the Friday Harbor TBD created?

The Town Council held a public hearing and adopted Ordinance No. 1539 on June 26, 2014 to create the TBD.

Who governs the Friday Harbor TBD?

The Friday Harbor TBD consists of all members of the Town Council. The Town Council members are ex-officio members of the TBD Board and act independently as the governing body of this separate taxing district.

What are the boundaries of the Friday Harbor TBD?

The physical boundaries of the Friday Harbor TBD are identical with town limits.

What is Proposition 1?

The TBD Board voted to approve Resolution No. 5-14, seeking voter approval for a new 0.2% sales and use tax in Friday Harbor. On November 4, 2014 Town voters will be asked to increase the local sales tax rate from 8.1% to 8.3%, only in the incorporated boundaries of Friday Harbor. If approved, the sales and use tax collected by the Friday Harbor TBD may fund only those projects listed on the Town 2015-2020 Six Year Transportation Improvement Plan. These monies may not be used for projects outside of town limits. An increase from 8.1% to 8.3% on sales and use tax (or \$10 for every \$5,000 spent within the corporate limits on taxable items), would generate approximately \$240,000 annually.

Who votes for Proposition 1?

Proposition 1 is not a County-wide initiative. Only residents that live within town limits may vote on the ballot measure. Funds collected pursuant to the measure must also be used within the town limits.



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What projects are listed on the 2015–2020 Six Year Transportation Improvement Plan?

The Council adopts a six year transportation plan (6-year TIP) each year. Projects are limited to those listed in the 2015–2020 Six Year TIP, which is available on the Town website at www.fridayharbor.org. The Six Year TIP includes projects such as the construction of sidewalks and rebuild of Tucker Avenue (Roche Harbor Road), the construction of sidewalks and a rebuild of Marguerite Street, and improvements to Park, Price, Grover and Nash to name a few. No new projects can be added to the TIP or financed without further public hearings conducted by the Town Council.

Why did the Town Council create a TBD?

The only way to conduct a vote to increase sales tax is through the formation of a TBD. The council believed that the two tenths of one percent (0.2%) sales tax increase would generate revenue needed to build and repair Friday Harbor streets and improve pedestrian safety and access.

Friday Harbor has numerous streets and sidewalks maintained by the Town that are in failing or near failing condition. The Town continues to compete for transportation grants but it is increasingly difficult to find adequate funding for crucial street and sidewalk construction and repair projects, especially for those that are not main arterials.

The Town Council works within budget constraints to maintain the street utility to preserve safety and essential services. The Town has identified over \$10 million dollars of needed improvements for streets and sidewalks to meet the demands of the community. If these necessary improvements continue to be deferred, it will result in more costly fixes in the future.

Unlike fee based utilities like water and sewer, our Town streets and sidewalks are used by all of the people who live on San Juan Island or visit here for business or pleasure. They come by Washington State Ferry, plane or private



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boat, but once here they all use our infrastructure. If approved, a sales tax would create a funding source equitably shared by everyone who shops or uses services based in Friday Harbor. This sales tax would sunset after ten years, but may continue longer if the Town is still paying off money borrowed to finance one of the listed projects. Because Town residents, island residents and visitors all benefit from our transportation system, the Council has proposed a sales tax that has everyone share in that funding, not just Town residents.

How are Town streets currently funded?

The Town finances the Street Fund and Streets Capital Fund as follows--25% of the annual property tax; 30% of the Town's share of the Public Safety Excise Tax; and the Town's share of State Capron funds.

What other requirements should I be aware of?

The TBD must issue an annual report to include the status of project costs, revenues, expenditures, and construction schedules. State law allows the tax to be in place for 10 years, unless approved by voters for another 10 years. In addition, the Friday Harbor TBD must be dissolved upon completion of the listed project(s) and/or the repayment of any debt service.

Who can I contact for more information?

Any of the Board of Directors of the Friday Harbor Transportation Benefit District would be happy to address your questions; or contact the Town Administrator at 360.378.2810. A complete project list, map, and other District documents are available for review on the Town website at www.fridayharbor.org.