



September 8, 2007

Larry Roberts
Vice President and General Manager
Fisher Communications
140 4th Ave North
Seattle, WA 98109
206.404.4000

RE: "No to Prop One" Radio Ads

NOTOPROP1.org
PO Box 1115
Seattle, Washington 98111

08/29/07 Media Buy: Fisher Communications (\$12,482)

Dear Mr. Roberts:

Fisher Communications is currently airing advertisements in the Seattle market from the campaign opposing Proposition One (commonly referred to at the Roads and Transit Plan – Sound Transit Phase 2/RTID) that cites misleading and incorrect information. I ask that you carefully review the following information and the advertisements to ensure that **information currently being aired to the public is accurate.** Upon consideration, I am confident that you will make the responsible decision to cease airing the advertisements immediately. At a minimum, I urge you to perform appropriate due diligence and pull the advertisements until the sponsors substantiate their facts or agree to change or abandon the piece.

The following claims are inaccurate and/or misleading:

1: CLAIM: "It's how much of your money Prop One will take, \$157 billion. \$157 billion over the next 50 years."

FACT: This statement is false. The estimated Sound Transit Phase Two expenditures over the 20 year construction schedule are \$14.112 Billion (2008-2027 in \$2006 dollars).

The estimated Regional Transportation Investment District expenditures over the 20 year construction schedule are \$14.178 Billion (2008-2027 in nominal dollars).

In 2027, construction of the Sound Transit projects in the Roads and Transit plan is scheduled to be complete. At that time the tax levels will be scaled back to cover operations, maintenance, and debt service for Sound Transit projects per the financial policies adopted by the Sound Transit Board of Directors.

At the completion of the RTID construction schedule in 2027, tax revenues will be dedicated to debt service and be eliminated once debt service payments are retired per the financial policies adopted by the Regional Transportation Investment District Planning Committee. All debt will be repaid no later than 2037 and potentially sooner.

Based on a review of materials published by the opponents, it is apparent that they include previously approved Sound Transit tax revenue (Sound Transit Phase One), which was authorized by voters in 1996 in these erroneous figures.

SOURCE:

- RTID “Blueprint for Progress” (Page 86) www.rtid.org
- RTID “Blueprint for Progress” (Page 88) www.rtid.org
- Sound Transit Phase Two, Appendix A (Page 5) (www.soundtransit.org)

2: CLAIM: “Prop One taxes average almost \$2000 per year for most households.”

FACT: The Roads and Transit plan is financed through an increase in sales tax of .006 and an increase in the Motor Vehicle Excise Tax (MVET) of .08%. Sound Transit and RTID estimate that a typical household will pay \$150 in additional annual sales tax if the Roads and Transit plan is approved. This number is derived using a model developed by the Washington State Department of Revenue (DOR). A State-appointed Expert Review Panel (ERP), which is composed of independent experts from around the country, reviewed and accepted this estimate. An increase in the MVET of .08% would cost the owner of a vehicle valued \$10,000, \$80 per year. The average vehicle value in the Puget Sound region is \$8,500. Total combined cost per household per year is \$230 per year on average.

SOURCE:

- Expert Review Panel letter to Governor

3 (a): CLAIM: “The taxes don’t end ever.”

3 (b): CLAIM: “Prop One taxes actually last forever”

FACT: Once the debt service for the construction of the RTID projects has been retired, **the taxes will be eliminated.** In 2027, when construction of the Sound Transit Phase Two projects is scheduled to be complete, tax levels will be scaled to provide for operations and maintenance of Sound Transit’s express bus, light rail and commuter rail service, and satisfy debt service payments.

SOURCE:

- RTID “Blueprint for Progress” (Page 86)

Once construction of projects in the plan has been completed, including contingency projects, revenues collected by the district may only be used for the following purposes: payment of principal and interest on outstanding indebtedness of the district; to make payments required under a pledging agreement; and to make payments for maintenance and operations of toll facilities as may be required by toll bond covenants. The RTID investment plan may include a list of contingency projects and the RTID may submit a new investment plan to the voters

The financial policies adopted by the RTID executive board encourage a conservative use of debt. The RTID’s debt service coverage ratio policy will be set at a minimum coverage ratio of 1.25 for gross revenues over annual debt service costs.

The plan assumes that bonds will be structured with a 30-year term in accordance with RCW 36.120.130, with principal payments deferred for five years as needed. The plan assumes 1.5% issuance cost and the ending balance of six months debt service or greater. All program debt service could be paid off as early as 2037.

- Sound Transit Phase Two, Appendix B, (Page 4)

Voter approval requirement

The Board recognizes that the voter-approved taxes are intended to be used to implement the System Plan and to provide permanent funding for future operations, maintenance, capital replacement and debt service

(“permanent operations”) for voter-approved programs and services. The Board has the authority to fund these future costs through a continuation of the local taxes authorized by the voters. However, as a part of its commitment to public accountability, the Board pledges that the local taxes will be rolled back to the level required for permanent operations after the System is completed and implemented.

The Board further pledges that any subsequent phase capital programs that would continue local taxes after the System is completed at tax rates higher than necessary for permanent operations will require approval by a vote of those citizens within the Sound Transit District.

Sales tax rate rollback

Should voter approval for a future phase capital program not be forthcoming, the Board will initiate two steps to roll back the rate of sales tax collected by Sound Transit.

- 1. First, Sound Transit will initiate an accelerated pay off schedule for any outstanding bonds whose retirement will not otherwise impair the ability to collect tax revenue and complete the System Plan, or impair contractual obligations and bond covenants. Sound Transit will implement a sales tax rollback to a level necessary to pay the accelerated schedule for debt service on outstanding bonds, system operations and maintenance, fare integration, capital replacement, and ongoing system-wide costs and reserves.*
- 2. Once all debt is retired, Sound Transit will implement a tax rollback to a level necessary to pay for system operations and maintenance, fare integration, capital replacement and ongoing system-wide costs and reserves.*

4: CLAIM: “Prop One is the biggest local tax increase anywhere in America, ever.”

FACT: The opponents have failed to provide any evidence to support this claim. Furthermore, the Roads and Transit measure is financed by regional taxes from King, Pierce and Snohomish counties, not local taxes.

5: CLAIM: “Prop One doubles local sales tax”

FACT: The Roads and Transit plan is financed through a .006 increase in the sales tax. According to the Washington State Department of Revenue, the current local city/county tax rate for King, Pierce and Snohomish counties is .020. A doubling of the local sales tax would equate to an increase of .020. The proposed Roads and Transit plan sale

tax rate of .006 is .014 short of a doubling of the current local sales tax rate.

SOURCE:

- Washington State Department of Revenue
- Sound Transit Phase Two, Appendix B
- RTID “Blueprint For Progress”, (Page 82)

Since the advertisements reference a ballot measure, they are not afforded the additional protections, nor subject to the requirements imposed on candidate-use advertisements. Accordingly, you are under no obligation to air it. Ultimately, these sorts of advertisements represent the worst in modern American politics.

In recent election cycles, stations around the country refused to air several such ads because the ads were deemed “misleading,” “unfair”, or “one-sided”. To the extent that stations are consistent, this advertisement should not continue to air.

Thank you in advance for your consideration of this request. I can be reach at (206) 293-4690 or jonscholes@fastmail.fm.

Sincerely,

Jon Scholes
Deputy Campaign Manger
Yes on Roads and Transit
www.yesonroadsandtransit.org