

Washington Supreme Court strikes down I-976 to cut car-tab taxes

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Tim Eyman, I-976 initiative promoter, waits to speak during a hearing Feb. 4 before the Washington State Senate Transportation Committee. (AP Photo/Ted S. Warren, file)

By [Heidi Groover](#)

The Washington Supreme Court struck down Initiative 976 to reduce car-tab taxes, nearly a year after statewide voters approved the tax-cutting measure.

The initiative's ballot title was "deceptive and misleading" by promising to lower car-tab taxes "except voter-approved charges" while also rolling back taxes voters had previously approved, the court found.

"The average informed lay voter" would have read that title to mean previously voter-approved taxes would remain, the justices wrote.

Eight justices signed the opinion. A ninth, Justice Barbara Madsen, agreed with the majority that the measure contained too many subjects, but disagreed that its title was misleading to the point of being unconstitutional.

The decision means state and local car-tab taxes can remain at their current levels.

In statements Thursday, Seattle Mayor Jenny Durkan, City Attorney Pete Holmes and Councilmember Alex Pedersen, who chairs the Council's transportation committee, celebrated the ruling.

“Vehicle license fees are a key tool that funds transit and key safety and maintenance projects including our pothole budget,” Durkan said in a statement. “With the Seattle Department of Transportation facing significant budget challenges in the current economic landscape, this decision will help our City with needed resources to keep our residents and workers moving as we recover from the pandemic.”

Longtime anti-tax activist Tim Eyman, who has said he is refusing to renew his expired car tabs as a form of protest, planned a news conference in Olympia later Thursday morning.

“[Gov. Jay] Inslee said voters were confused — were you?” Eyman wrote in a recent email to voters.

Eyman sponsored I-976, which passed with about 53% of the vote statewide. Soon after, Seattle, King County and others [sued](#), arguing the measure violated the state Constitution by involving more than one subject and misleading voters.

The ruling Thursday comes as Seattle officials attempt to plug [a revenue hole due to the pandemic](#) and the state faces a projected shortfall of [about \\$4.2 billion through 2023](#).

State and local governments use car-tab fees to fund road and transit projects.

In the Puget Sound region, Sound Transit also collects car-tab taxes based on the value of a vehicle. Those fees drew outrage in recent years because Sound Transit’s formula, based on state laws, [inflates vehicle values](#) compared to the commonly used Kelley Blue Book.

I-976 attempted to lower many state vehicle registration fees to \$30, repeal local car-tab taxes and roll back Sound Transit’s car-tab taxes. But Sound Transit [kept collecting](#) its car-tab taxes to pay off bonds, arguing I-976 didn’t set a deadline for the agency to pay off debt.

After I-976 passed, the state set aside its portion of car-tab tax money in case the measure was upheld, according to Gov. Jay Inslee’s office. Seattle “continued collecting, but did not spend” its car-tab revenue, said Dawn Schellenberg, spokesperson for the Seattle Department of Transportation.

In February, a King County Superior Court judge [largely upheld](#) I-976, but [kept the measure on hold](#) until the high court ruled. The state Supreme Court heard arguments in [June](#). Throughout, car-tab fees have remained in place for vehicle owners.

Among the legal issues was whether a phrase in the measure’s ballot title saying fees would drop to \$30 “except voter-approved charges” misled voters. In Seattle, voters approved a \$60 car-tab fee to fund bus service, but the initiative stripped cities of their authority to impose that type of local car-tab tax.

Lawyers also debated whether the measure was “logrolling” too many different subjects and whether the state could really base vehicle values off the private company Kelley Blue Book, as called for in the initiative.

Eyman twice before led successful car-tab-cutting initiatives, only to have them fully or partially struck down in court later. He also ran an unsuccessful campaign for governor this year and is mired in a long-running campaign-finance lawsuit.

A Thurston County Superior Court judge [ruled](#) in February that Eyman was in violation of state campaign-finance laws for at least seven years and concealed nearly \$800,000 in political contributions. A trial on the full case against Eyman was [expected this fall](#).

Last year, I-976 drew an opposition campaign that raised more than [\\$5 million](#) as politicians warned about [dire consequences and “Hunger Games-style” fights](#) for transportation funding. Before the local coronavirus outbreak, state lawmakers [patched funding holes](#) without dire cuts, leaving bigger fights for the next legislative session.

Seattle’s \$60 car-tab fee for bus service is set to expire this year. City leaders are [asking voters to renew a sales tax](#), but not the car-tab fee, citing uncertainty about I-976. Some council members said they would support passing a new city car-tab fee if I-976 was thrown out in court.