

HOUSE BILL REPORT

HB 2838

As Reported by House Committee On:
Transportation

Title: An act relating to transportation funding and appropriations.

Brief Description: Making 2009-11 supplemental transportation appropriations.

Sponsors: Representative Clibborn; by request of Governor Gregoire.

Brief History:

Committee Activity:

Transportation: 2/23/10, 2/24/10 [DPS].

Brief Summary of Substitute Bill

- Updates the \$7.5 billion 2009-2011 Transportation Budget to an overall spending level of \$8.5 billion to reflect the receipt of \$590 million in the federal high speed rail grant program under the American Recovery and Reinvestment Act, as well as the receipt of other federal funds and acceleration of state-funded project work.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Clibborn, Chair; Liias, Vice Chair; Armstrong, Campbell, Dickerson, Driscoll, Eddy, Finn, Flannigan, Herrera, Johnson, Moeller, Nealey, Rolfes, Sells, Simpson, Springer, Takko, Upthegrove, Williams and Wood.

Minority Report: Do not pass. Signed by 6 members: Representatives Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Ericksen, Klippert, Kristiansen and Shea.

Staff: Mark Matteson (786-7145).

Background:

2009-2011 Transportation Budget.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The operating and capital expenses of state transportation agencies and programs are funded on a biennial basis by an omnibus Transportation Budget adopted by the Legislature in odd-numbered years. Additionally, supplemental budgets may be adopted during the biennium making various modifications to agency appropriations. The Transportation Budget (Budget) provides appropriations to the major transportation agencies including: the Washington State Department of Transportation (WSDOT), the Washington State Patrol, the Department of Licensing, the Washington Traffic Safety Commission, the Transportation Improvement Board, the County Road Administration Board, and the Freight Mobility Strategic Investment Board. The Budget also provides appropriations out of transportation funds to many smaller agencies with transportation functions.

Since the 2009-2011 biennial budget was adopted in April 2009, several changes have occurred that impact budgetary conditions. Transportation revenues to fund activities in the current biennium have declined by about \$120 million, according to official forecasts. At the same time, the inflation of costs of materials necessary for transportation projects has decelerated significantly as a result of slow economic conditions. Slower spending in the previous fiscal biennium resulted in additional work to be done on a number of transportation projects.

The Transportation 2003 (Nickel) Act was passed in 2003, increasing the fuel tax rate by 5 cents. A bond bill was also enacted, supporting a \$4.2 billion program of projects over the course of 10 years and underwritten by Nickel Act revenues. In 2005 the Legislature enacted the Transportation Partnership Act (TPA) providing an increase in the motor vehicle fuel tax rate of 9.5 cents, phased in over several years. Like the Nickel package, the TPA was enacted along with a bond bill that allowed for the early spending of \$8.5 billion in capital projects over 16 years.

American Recovery and Reinvestment Act of 2009.

On February 17, 2009, Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA), providing \$787 billion in spending and tax cuts nationwide. The bill includes federal tax cuts, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, health care, and infrastructure, including the energy sector. The ARRA includes several national discretionary programs to be administered by federal agencies, including an \$8 billion high-speed rail program; a \$1.5 billion national surface transportation program (known as "Transportation Investment Generating Economic Recovery" or TIGER); a \$1.3 billion program for capital grants to Amtrak; and a \$60 million ferry grants program.

On January 28, 2010, the federal administration announced the ARRA high-speed rail grant program awards, with Washington receiving \$590 million, for the purpose of achieving two additional Amtrak round-trips between Portland and Seattle. On February 17, 2010, the federal administration announced the recipients of the TIGER grants, including the WSDOT, for \$35 million for the U.S. 395 North Spokane Corridor.

Summary of Substitute Bill:

The 2009-2011 biennial Transportation Budget is amended to reflect a decline in state revenues since enactment of the budget bill, the receipt of additional federal funds, reduced spending expectations resulting from lower inflationary projections, a reprogramming of unfinished work from the previous fiscal biennium, acceleration of some projects, and emergent operating expenses. Net spending authority is increased by about \$1 billion, with much of the authority increase going to the WSDOT Rail Capital Program to implement the ARRA high-speed rail grant funds, and to the WSDOT Improvements Program to address accelerated activity on projects such as the State Route 520 bridge replacement and corridor improvements.

Substitute Bill Compared to Original Bill:

The substitute bill appropriates \$590 million in federal funds for the ARRA high-speed rail program and \$35 million for the TIGER grant for the U.S. 395 North Spokane Corridor. In addition, over \$125 million in additional state funds are appropriated for the SR 520 bridge replacement and corridor improvements. Agencies are not consolidated. A number of other changes are made (please see bill and agency detail).

Appropriation: Total appropriations are approximately \$8.5 billion across several accounts.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately upon signature by the Governor.

Staff Summary of Public Testimony:

(In support) There is a lot in here that the WSDOT likes. We appreciate the appropriation authority to spend the TIGER grant funds for the North Spokane corridor. We appreciate the funding for the fuel and look forward to developing an approach to budgeting fuel based on the study we did with the Washington State Transportation Commission (Commission). We are glad for the funds for the Active Traffic Management System (ATMS) and are continuing to work with the funds you gave us in the underlying biennial budget on construction of the new 64-car class ferry vessel. We think that the \$2 million that you have provided for scoping is a good start to looking ahead toward the next potential funding package.

The WSDOT is concerned about a few things in the proposal. To adequately protect the ferry system, we will need an additional \$3 million in spending authority for insurance. The proposal delays work on implementation of the ferry reservation system in order for another review by the Joint Transportation Committee, and we believe that it is important to move forward as this has been already extensively studied. Regarding stormwater, in order to implement the recent permit issued by the Department of Ecology, we would need additional funding aside from that provided.

The Confederated Tribes of the Colville Reservation would like the proposal to recognize federal funds sought to preserve and replace the Keller Ferry and would appreciate a state-

funded contribution to the project. The tribes themselves are providing \$2 million for its replacement and we have a request through Senator Patty Murray's office for additional federal funding.

The Ferry Citizen Advisory Committee Executive Council thinks that this proposal properly funds fuel fully. We understand the need to address fuel price volatility and plan to work with the WSDOT and the Commission to develop an alternative approach to budgeting.

The Association of General Contractors (AGC) appreciates the work of this committee and House members generally for staying the course on Nickel and TPA package projects and delivery schedule. The AGC believes that the Commission should be funded to be able to gather and compile local planning lists. The Commission should also receive the authority for an additional full time equivalent (FTE) staff for the purposes of toll rate setting analysis.

The Washington State Association of Counties would appreciate it if the proposal were amended to allow the County Road Administration Board (CRAB) to be given the maximum spending authority for the Rural Arterial Trust Account. We would also like the committee to consider adding to the House proposal the language for streamlining hydraulic permits as is found in Senate budget proposal.

The Columbia River Crossing Coalition is appreciative of the funding and processes supported by the proposal. The Citizens for Parks and Recreation also supports the proposal.

(In support with concerns) The Transportation Choices Coalition likes aspects of the bill but is very concerned about the reduction in Regional Mobility Grant funds. The State of Washington makes very little investment at the state level in public transportation as compared to other states, but this program is one of the bright spots. While the transfer of funds to the Multimodal Transportation Account may support some good things, ultimately the transfer may be inequitable where public transportation is concerned.

Futurewise is also concerned about the Regional Mobility Grant reduction. While we understand that these funds may not already be allocated, there is plenty of need out there. We would request that you direct the balance in the fund for one-time operating costs. The state cannot afford to allow its public transportation systems to contract any further.

(Opposed) None.

Persons Testifying: (In support) Representative Clibborn, prime sponsor; David Dye, Washington State Department of Transportation; Walt Elliott, Ferry Advisory Committee Executive Council; Miguel Perez-Gibson, Colville Tribes; Duke Schaub, Associated General Contractors of Washington; Rick Wickman, Columbia River Crossing Coalition, Port of Vancouver, and Identity Clark County; Gary Rowe, Washington State Association of Counties; and Jim King, Citizens for Parks and Recreation.

(In support with concerns) Andrew Austin, Transportation Choices Coalition; and April Putney, Futurewise.

Persons Signed In To Testify But Not Testifying: None.