
Transportation Committee

HB 2190

Brief Description: Making 2011-2013 supplemental transportation appropriations.

Sponsors: Representatives Clibborn, Armstrong, Billig and Hargrove; by request of Governor Gregoire.

Brief Summary of Bill

- Updates the \$8.9 billion 2011-2013 Transportation Budget to reflect the plan to issue the remaining bonds authorized for the State Route 520 bridge replacement project, the receipt of federal funds, and emergent changes in project and program spending schedules.

Hearing Date: 2/16/12

Staff: Mark Matteson (786-7145).

Background:

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 2011-2013 biennial budget was enacted in May 2011, several changes have occurred that impact budgetary conditions. Transportation revenues to fund activities in the current biennium have declined by about \$40 million, according to official forecasts. At the same time,

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project expenditures have been lower than expected, a result of good bids received on capital contracts. Some delays in project activity in the previous fiscal biennium has resulted in additional work to be done in the current fiscal period, while for several others planned to be complete by June of 2013 there has been a schedule slippage.

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.

The State Route (SR) 520 bridge replacement and high-occupancy vehicle (HOV) project was included as part of the TPA package. In 2009 the Legislature authorized tolls to be imposed on the SR 520 corridor and authorized \$1.95 billion worth of bonds to be sold to pay for the construction of the bridge and associated landings. In 2010 the Legislature modified the limitations on the SR 520 proceeds, providing that bonds could be used to pay for projects in the corridor beyond just the replacement floating bridge and landings.

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. The TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets.

During federal fiscal year 2011, the federal Highway Administration received 34 letters of interest for \$14 B in the TIFIA loans. Of these, a select few were invited to apply. The WSDOT submitted its 68-page application on December 16, 2011, for the SR 520 bridge replacement and HOV project. The application requests \$320 million for the construction of the west approach bridge.

Summary of Bill:

The 2011-2013 biennial Transportation Budget is amended to reflect a decline in state revenues since enactment of the budget bill, the need to issue additional bonds for the SR 520 bridge replacement and HOV project, the receipt of additional federal funds, reduced spending expectations resulting from lower inflationary projections, a reprogramming of unfinished work from the previous fiscal biennium, changes in the schedule of some projects, and emergent operating expenses. Net spending authority is increased by about \$880 million, with much of the authority increase going to the WSDOT Improvements Program to allow the issuance of the remaining bonds and potential receipt of the TIFIA funds authorized for the SR 520 bridge replacement and HOV project.

Appropriation: \$9.9 billion is appropriated from various transportation accounts.

Fiscal Note: Not requested.

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