

HOUSE BILL REPORT

ESHB 2190

As Amended by the Senate

Title: An act relating to transportation funding and appropriations.

Brief Description: Making 2011-2013 supplemental transportation appropriations.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Clibborn, Armstrong, Billig and Hargrove; by request of Governor Gregoire).

Brief History:

Committee Activity:

Transportation: 2/16/12, 2/20/12 [DPS].

Floor Activity:

Passed House: 3/5/12, 82-16.

Senate Amended.

Passed Senate: 3/6/12, 44-5.

Brief Summary of Engrossed Substitute Bill

- Updates the 2011-2013 Omnibus Transportation Appropriations Act 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.
- Provides \$63 million in spending authority generated from new fees for various priorities, including the construction of a new 144-car class ferry vessel and preliminary engineering work on potential new significant transportation investments.
- Provides funds for highway and road preservation associated with the passage of a fee on barrels of petroleum products.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority

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.

Member; Angel, Asay, Eddy, Finn, Hansen, Jinkins, Johnson, Ladenburg, McCune, Moeller, Moscoso, Reykdal, Rivers, Ryu, Takko, Upthegrove and Zeiger.

Minority Report: Do not pass. Signed by 5 members: Representatives Klippert, Kristiansen, Overstreet, Rodne and Shea.

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 appropriations act (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 provides appropriations to the major transportation agencies including: the Washington State Department of Transportation (WSDOT), the Washington State Patrol (WSP), the Department of Licensing, the Washington Traffic Safety Commission, the Transportation Improvement Board (TIB), the County Road Administration Board (CRAB), and the Freight Mobility Strategic Investment Board (FMSIB). The transportation budget also provides appropriations out of transportation funds to many smaller agencies with transportation functions.

Since the 2011-2013 biennial Transportation 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, 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 have 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 billion 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 Engrossed Substitute 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 \$875 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 the HOV project.

The transportation budget is also amended to provide expenditure authority for new revenue attributable to increases in fees in other legislation. Appropriations connected with the increase in various drivers' and vehicle fees are provided: to the WSP; to the WSDOT ferry system for operations; to the WSDOT for road preservation and maintenance; for transit operations; for the Safe Routes to Schools program; to the FMSIB; for the construction of a new 144-car class ferry boat vessel; for the TIB; and for the CRAB. For the WSDOT highway construction program, \$43 million in expenditure authority is provided, connected with the passage of a new fee on barrels of refined petroleum products. In addition, the WSDOT is provided \$8 million to begin the design, preliminary engineering, and rights-of-way acquisition on several projects in anticipation of the next major transportation revenue investment package.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment updates the transportation-related appropriations and limitations thereon for the 2011-13 fiscal biennium. The Senate amendment makes a number of changes to Engrossed Substitute House Bill 2190. Please refer to associated materials posted to the Legislative Evaluation and Accountability Program (LEAP) Committee website.

Appropriation: The sum of \$9.8 billion is appropriated from various transportation accounts.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Regarding the spending of new revenue, the House of Representatives has already voted on the policies in Engrossed Substitute House Bill 2053 (ESHB 2053). These are the only new revenues we will have for projects this year. The supplemental budget is pretty much the same as the budget that was passed last year. Any of the new fee-related spending will be diminished to the extent that the fee proposals are reduced. The Senate fee bills maintain the same percentage allocation from last year. The plan is to hold to that as much as possible.

The Washington State Transportation Commission (Commission) appreciates the operating support for the ferry system. However, the Commission is concerned about the tolling situation on the Tacoma Narrows Bridge. Having to pick up the tab on the deferred sales tax is coming at a bad time. There is only so much more that tolls can be increased.

The City of Lacey appreciates the funding for the Joint Base Lewis-McChord interchange justification reports (IJRs). The modification of the intersections is a regional issue but Interstate 5 (I-5) is also a vital corridor for the state. The region has grown in the last 10 years but the highway capacity has not changed since the 1970s. There are 150,000 trips through the base gates every day. The projects are not shovel-ready. The IJRs are necessary to do planning and environmental work in order to be competitive at a national level for the fourth round of Transportation Investment Generating Economic Recovery funding. Stakeholders are working together locally. Please consider funding IJRs for Thurston County interchanges.

The Cascade Bicycle Club is pleased with the additional funds for Safe Routes to Schools. About half of school-age children live within a half mile of their school and yet most do not walk or bike.

The SR 9 coalition appreciates the geotechnical engineering funds for the Snohomish River Bridge. The SR 9 is an important north-south corridor.

The North Spokane Corridor project is the number one priority project in Spokane and the surrounding area.

Maintaining multimodal funding for transportation priorities, and not shifting these funds to the State General Fund, is appreciated. If such a shift were undertaken, then there would be pressure on the Regional Mobility Grants (RMG) program. The cities of Everett and Renton hope to be in the RMG queue. These cities also know that there will not be a comprehensive investment package this session but feel seed money is important. The money will get the corridors ready for investment.

The money provided for the construction of a second 144-car class ferry boat vessel is a smart investment. It is pretty expensive to just buy one copy. The funds would allow construction on the second boat to commence in December of this year. The first boat will have the keel laid on March 29 of this year. In addition to providing ferry communities with access, the funding also allows for economic development. Ferry construction subcontractors are appreciative.

The continuation of the West Vancouver freight access project is appreciated. On behalf of Identity Clark County, the money from the federal government and the State of Oregon for the Columbia River Crossing (CRC) project in I-5 is appreciated. The federal portion will allow the purchase of right-of-way. The FMSIB needs some flexibility to move some funds around within their set of appropriations. There is no money allocated for traffic analysis on the CRC.

The state Transit Association appreciates the funding provided to the WSDOT Public Transportation Division for administrative costs. Also appreciated is the distribution formula for sending the money out.

The State Patrol Troopers Association is in support of reinstating the auto theft division.

South Sound Chamber of Commerce Legislative Coalition supports efforts to improve infrastructure in this region of the state. The South Sound is in the "bull's-eye" where jobs are created. There are a couple of ports and Boeing plants in this area and it is a vital economic engine. There is a need to focus investments here.

(In support with concerns) The Transportation for Washington Campaign (Campaign) believes that this budget is fairly balanced, for the most part. The Campaign is pleased to see the proviso for assessing the demand for passenger-only ferries. The Campaign also appreciates the reversal of the transfer from the Multimodal Transportation Account to the State General Fund. The proviso for a road users assessment task force is the right step in that direction. The additional revenue from fee bills is included and the Campaign thanks you for honoring the allocation from ESHB 2053. However, the Campaign would like ongoing moneys for transit operations to be set in statute. The Campaign is also concerned that oil barrel fee revenues are used entirely for highway preservation; there was an agreement to use some of that money to mitigate stormwater runoff.

The Washington Environmental Council is very concerned about the barrel fee allocation and the fact that none is being used for stormwater purposes. The barrel fee would go a long way to funding stormwater needs across the state. Because of the close nexus between oil and stormwater, it is imperative that this connection be made in the bill.

(Opposed) None.

Persons Testifying: (In support) Dick Ford, Washington State Transportation Commission; Scott Spense, City of Lacey; Dan Penrose, South Sound Military and Communities Partnership; Chuck Ayers, Cascade Bicycle Club; Al Aldrich, City of Spokane and State Route 9 Coalition; Doug Levy, Cities of Renton, Redmond, Kent, and Federal Way; Linda Hull, Vigor Shipyards; Brad Jurkovich, Washington Ferry Coalition; Rick Wickman, Port of Vancouver and Identity Clark County; Michael Shaw, Washington State Transit Association; Davor Gjurasic, Washington State Patrol Troopers Association; Carolyn Longe, South Sound Chamber of Commerce Legislative Coalition; and Gordon Baxter, Inland Boatman's Union, Marine Engineers Beneficial Association, Masters, Mates and Pilots Union, Puget Sound Metal Trades Union, and Office and Professional Employees International Union Local 8.

(In support with concerns) April Putney, Futurewise; and Mo McBroom, Washington Environmental Council.

Persons Signed In To Testify But Not Testifying: None.