

State Transportation Budget 101

Value of Multimodal Transportation Account

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Presentation Purpose

By the end of this presentation, the TDM Technical Committee will:

- Have a deeper understanding of how the state transportation budget is developed
- Understand the importance of the Multimodal Account to local and statewide transportation demand management
- Understand the nature of the gas tax
- Have insight to how new transportation revenue packages could influence multimodal account funding

Washington State Budgets

Transportation budget: \$10.5 billion^{1,2}

- Includes WSDOT (\$7.4 billion), Ferries (\$1.0 billion), & other agencies
- 75% supported by gas tax³

Operating budget: \$102.1 billion^{1,4}

- Largely supported by sales, business and property taxes

Capital budget: \$5.2 billion¹

- Primarily funded through bonds and dedicated accounts

¹2020 enacted supplemental budgets – fiscal.wa.gov

²Transportation budget includes \$1.6 billion in bond retirement and interest (debt payments)

³Includes state and federal bonds backed by gas tax

⁴Operating budget includes \$3.1 billion in debt service, certain pension contributions, special appropriations.

Legislative Role in Funding

- **Legislature appropriates most transportation funds**
 - WSDOT generally cannot move money between programs
- **Legislature authorizes revenue sources, rates, uses and funds/accounts into which revenues will be deposited.**
 - Some funds/accounts are dedicated to specific uses
 - For example, Puget Sound Ferry Operations Account to can't fund rail

Agency Budget Timeline

- July – August: Agencies finalize legislative proposals
 - Engagement on agency budgets starts in summer
- Mid-September: Budget requests due to Governor
 - Staff works to align requests with available funding
 - Determined by revenue forecast released in November
- Mid-December: Governor releases proposed budget
- January – April: Legislative session
 - Legislature passes final budget
 - March: Updated revenue forecast
- May – June: Governor signs bills, including budget

Many WSDOT programs, but Program V rocks

AVIATION—PROGRAM F.
CHARGES FROM OTHER AGENCIES—PROGRAM U.
FACILITIES—PROGRAM D—CAPITAL.
FACILITIES—PROGRAM D—OPERATING.
HIGHWAY MAINTENANCE—PROGRAM M.
IMPROVEMENTS—PROGRAM I.
INFORMATION TECHNOLOGY—PROGRAM C.
LOCAL PROGRAMS—PROGRAM Z—CAPITAL.
LOCAL PROGRAMS—PROGRAM Z—OPERATING.
MARINE—PROGRAM X.
PRESERVATION—PROGRAM P.
PROGRAM DELIVERY MANAGEMENT AND SUPPORT—PROGRAM H.
PUBLIC TRANSPORTATION—PROGRAM V.
PUBLIC-PRIVATE PARTNERSHIPS—PROGRAM K.
RAIL—PROGRAM Y—CAPITAL.
RAIL—PROGRAM Y—OPERATING.
TOLL OPERATIONS AND MAINTENANCE—PROGRAM B.
TRAFFIC OPERATIONS—PROGRAM Q—CAPITAL.
TRAFFIC OPERATIONS—PROGRAM Q—OPERATING.
TRANSPORTATION MANAGEMENT AND SUPPORT—PROGRAM S.
TRANSPORTATION PLANNING, DATA, AND RESEARCH—PROGRAM T.
WASHINGTON STATE FERRIES CONSTRUCTION—PROGRAM W.

Multimodal account is the heart and soul of Program V

2021-2023 Governor's Executive Budget

<u>NEW SECTION.</u> Sec. 221. FOR THE DEPARTMENT OF TRANSPORTATION—	
PUBLIC TRANSPORTATION—PROGRAM V	
State Vehicle Parking Account—State Appropriation	\$784,000
Regional Mobility Grant Program Account—State	
Appropriation	\$93,939,000
Rural Mobility Grant Program Account—State	
Appropriation	\$33,168,000
Multimodal Transportation Account—State	
Appropriation	\$150,235,000
Multimodal Transportation Account—Federal	
Appropriation	\$3,574,000
Multimodal Transportation Account—Local	
Appropriation	\$100,000
TOTAL APPROPRIATION.	\$281,800,000

Multimodal Account Funds TDM

Programs

- Transportation Demand Management (TDM)
- Commute Trip Reduction
- Vanpool
- Special Needs Transportation
- Intercity Transit Dash shuttle
- King County Summer Youth Orca

Grants

- Regional Mobility
- Rural Mobility
- Active transportation
- Green Transportation Capital

TDM pilots

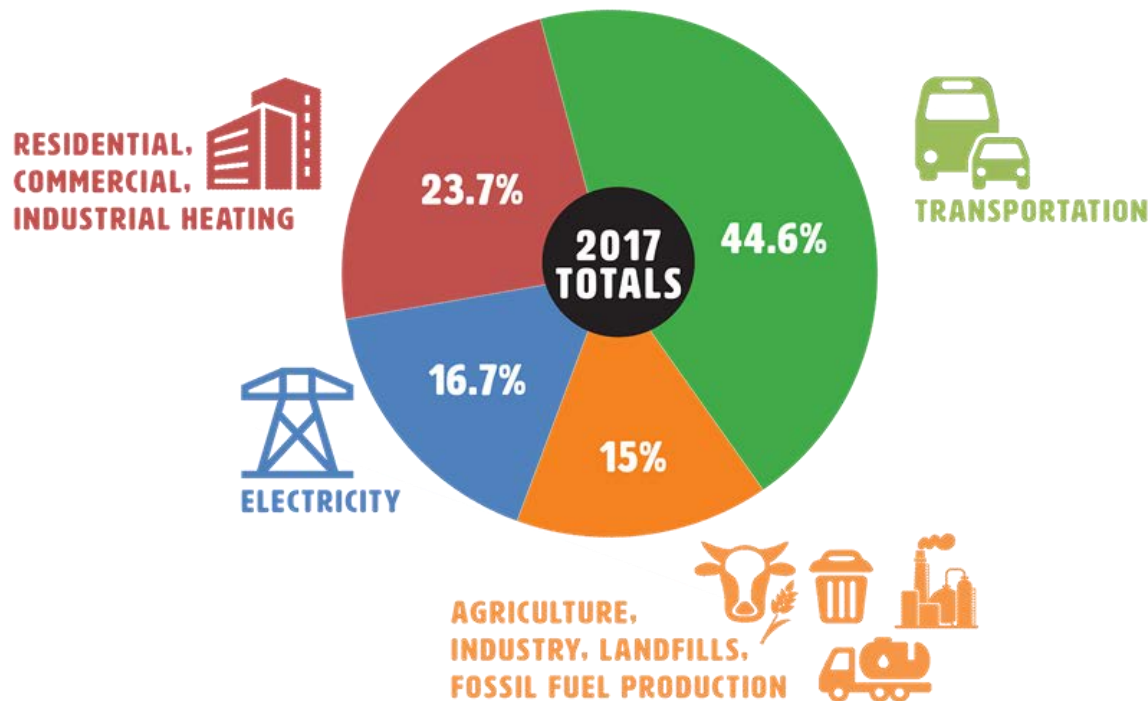
- First Mile Last Mile
- Commute Trip Innovation Grant
- Small business Orca
- Telework statewide assistance

Multimodal Programs Support Legislative Transportation Goals

[RCW 47.04.280](#)

- **Economic vitality:** promote the movement of people and goods for economic prosperity
- **Preservation:** maintain prior investments in transportation systems and services
- **Safety:** provide for the safety of transportation customers and the transportation system
- **Mobility:** improve the predictable movement of goods and people, including congestion relief and freight mobility
- **Environment:** promote energy conservation, healthy communities, and environmental protection
- **Stewardship:** improve the quality, effectiveness, and efficiency of the transportation system

Multimodal Programs Support Climate Protection Goals



- Legislature set a target to reduce emissions at least **25% below 1990 levels by 2035**
- Department of Ecology recommended a more ambitious target of **40% below 1990 levels by 2035**

Multimodal Programs Boost Road Capacity at Lower Cost

Additional interstate miles needed to drive posted speed limit at all times in WA State:

- **451 lane miles at an estimated cost of \$115 billion**
- **Would require a \$2.20 to \$2.50/gal gas tax increase**

Note: Assuming no one else moves to Washington and there is no increase in demand



Multimodal Programs Support Equity

- Lower-income families spend more on transportation as a % of income*
 - Upper third: 8.2%, Lower third 15.7%**
- 1 in 5 Washingtonians don't hold a driver's license
- [Active transportation](#) (biking, walking, skateboards, etc.) provides low-cost transportation for people who cannot or chose not to drive a car
- Transit investments provide access to opportunity
- Most people who use transit walk or ride a bike at the beginning or end of their trip



*Source: Pew Charitable Trusts, "[Household Expenditures and Income](#)" March 30, 2016

** Data does not include use of public transportation or tolls

Multimodal Account is Flexible

- Many revenue sources, including:
 - Taxes: motor vehicle excise, retail sales
 - Motor vehicle license fees
 - Federal grants
 - Mass transit distributions
- Tremendous flexibility
 - All “transportation purposes” are eligible to receive multimodal account investments (RCW [47.66.070](#))
- Funds diverse programs and projects, including but not limited to:
 - All Public Transportation Division grants and programs
 - Active transportation
 - Ferries
 - State Highway Patrol
 - Highway expansion projects

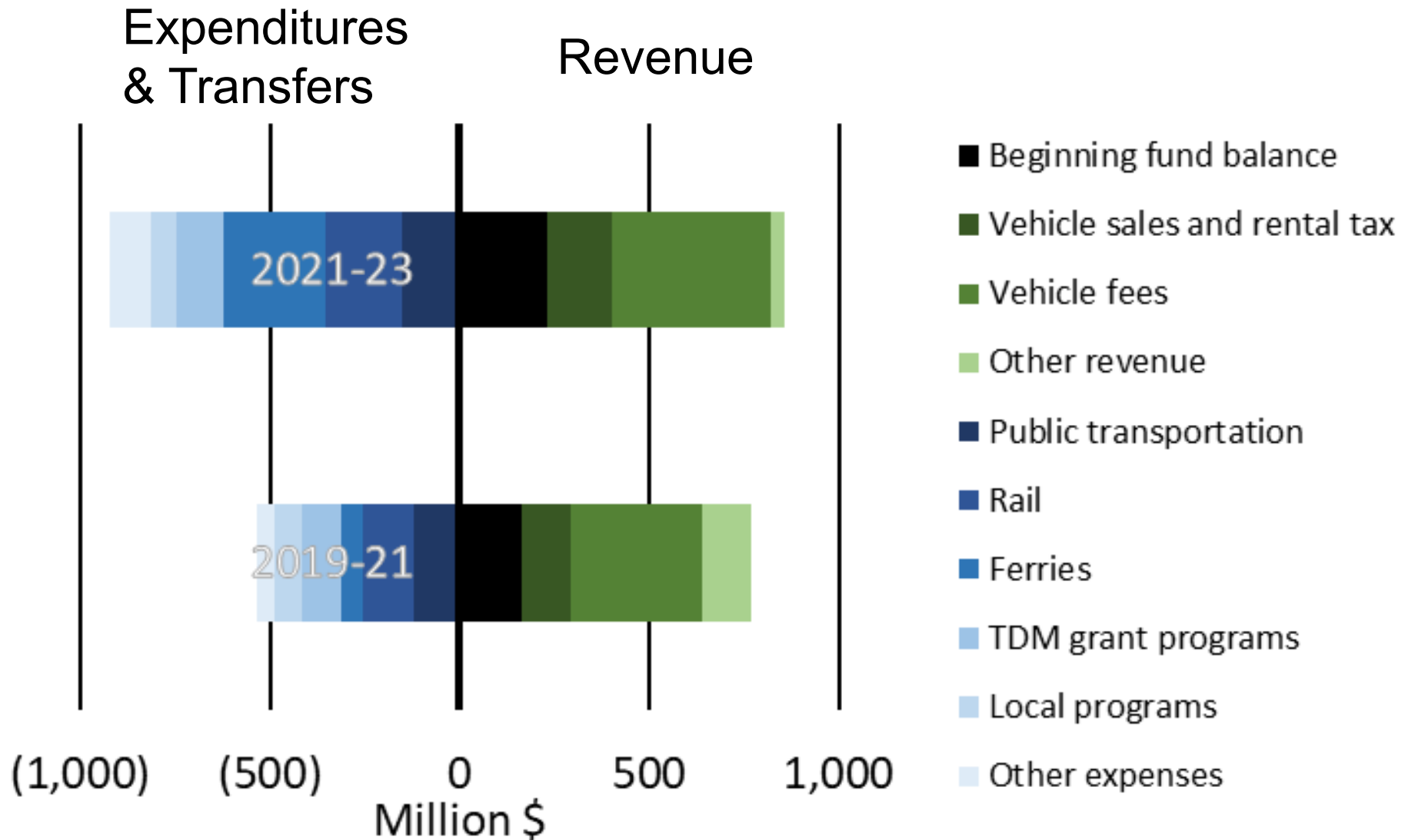
“Gas Tax” Expenditures Are Restricted to Highway Purposes

18th Amendment dedicates fuel tax & motor vehicle license fees "exclusively for highway purposes".

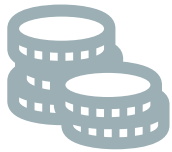
Highway purposes include highway construction, operations & maintenance, policing the highways, & auto ferries (but generally not public transportation).

Tolls have not been declared by the courts as an "18th Amendment protected" revenue source.

Multimodal Account Budget



Next transportation package can increase multimodal funding



2003 Nickel Package

\$4.2bn over 10 years

5 cent gas tax and fees (gas tax will be repealed when bonds paid off)

Included a 15% increase in vehicle weight fees and a .3% sales tax on motor vehicles.

\$134M for highway preservation, operations & maint. (3%)

\$600 in multimodal investments (14%)

Accountability and efficiency reforms bills.



2005 Transportation Partnership Act

\$8.5bn over 16 years

9.5 cent gas tax and fees.

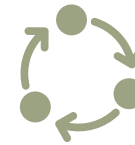
Included vehicle weight fee increases with the majority of passenger vehicles paying an additional \$10 per year and light trucks paying an additional \$20 per year.

\$509M for highway preservation, operations & maint. (6%)

\$814 in multimodal investments (10%)

I-912 proposed repealing 2005 gas tax (failed)

Governance (WSDOT becomes cabinet agency) and performance bills.



Connecting Washington

\$16bn over 16 years

11.9 cent gas tax and fees.

Included vehicle weight fee increases, a new heavy truck freight project fee, and electric vehicles fee increases.

\$1.4bn for highway preservation, operations & maint. (9%)

Almost \$1bn in multimodal investments (6%)

I-960 required non-binding advisory vote on repealing gas tax (supported repeal @ 64%)

Authorized a variety of local revenue options, including for Sound Transit and Transportation Benefit Districts.

Suite of reform bills (apprenticeship, permitting, competitive bidding etc.)

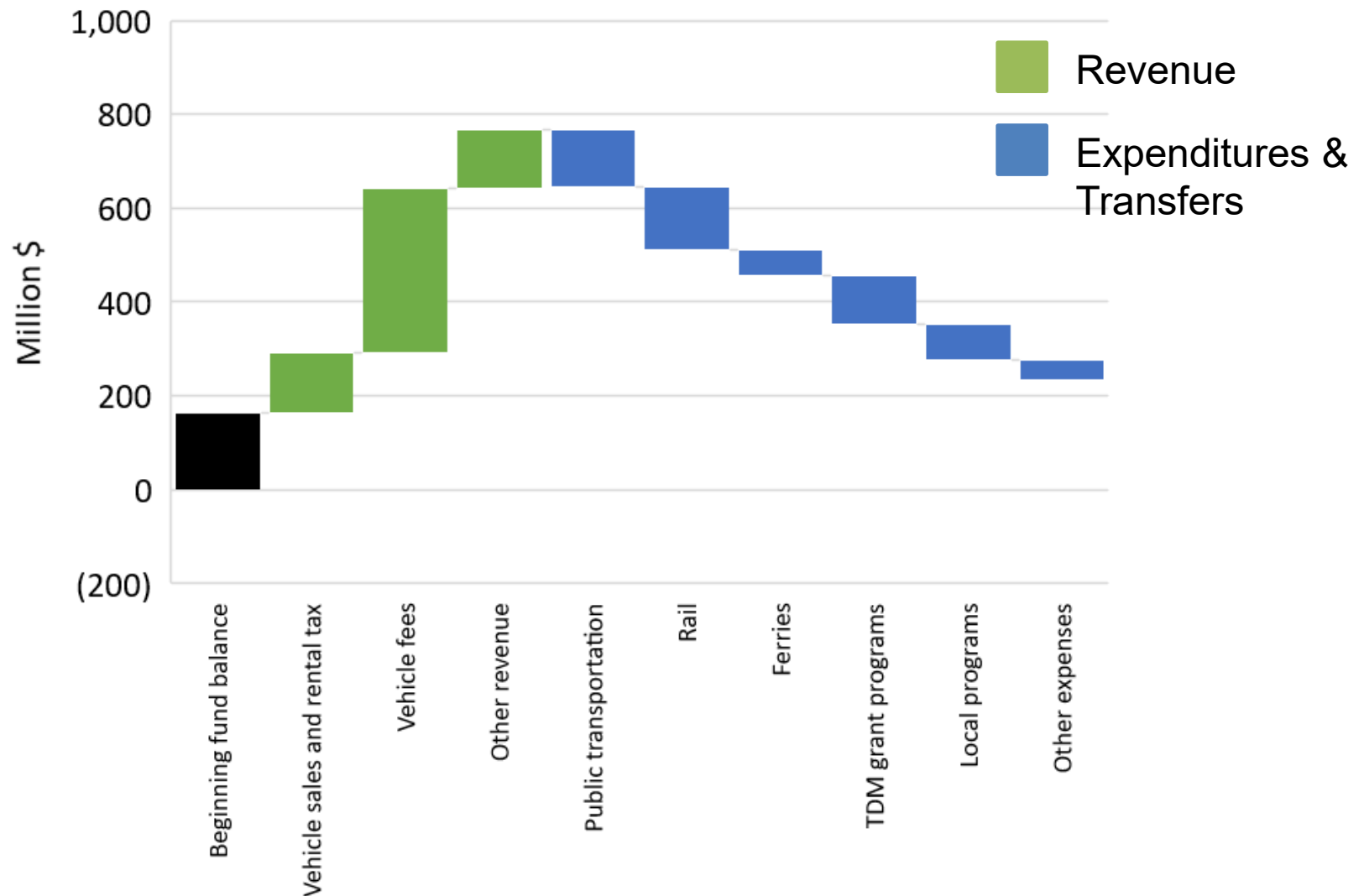
Multimodal account defenders



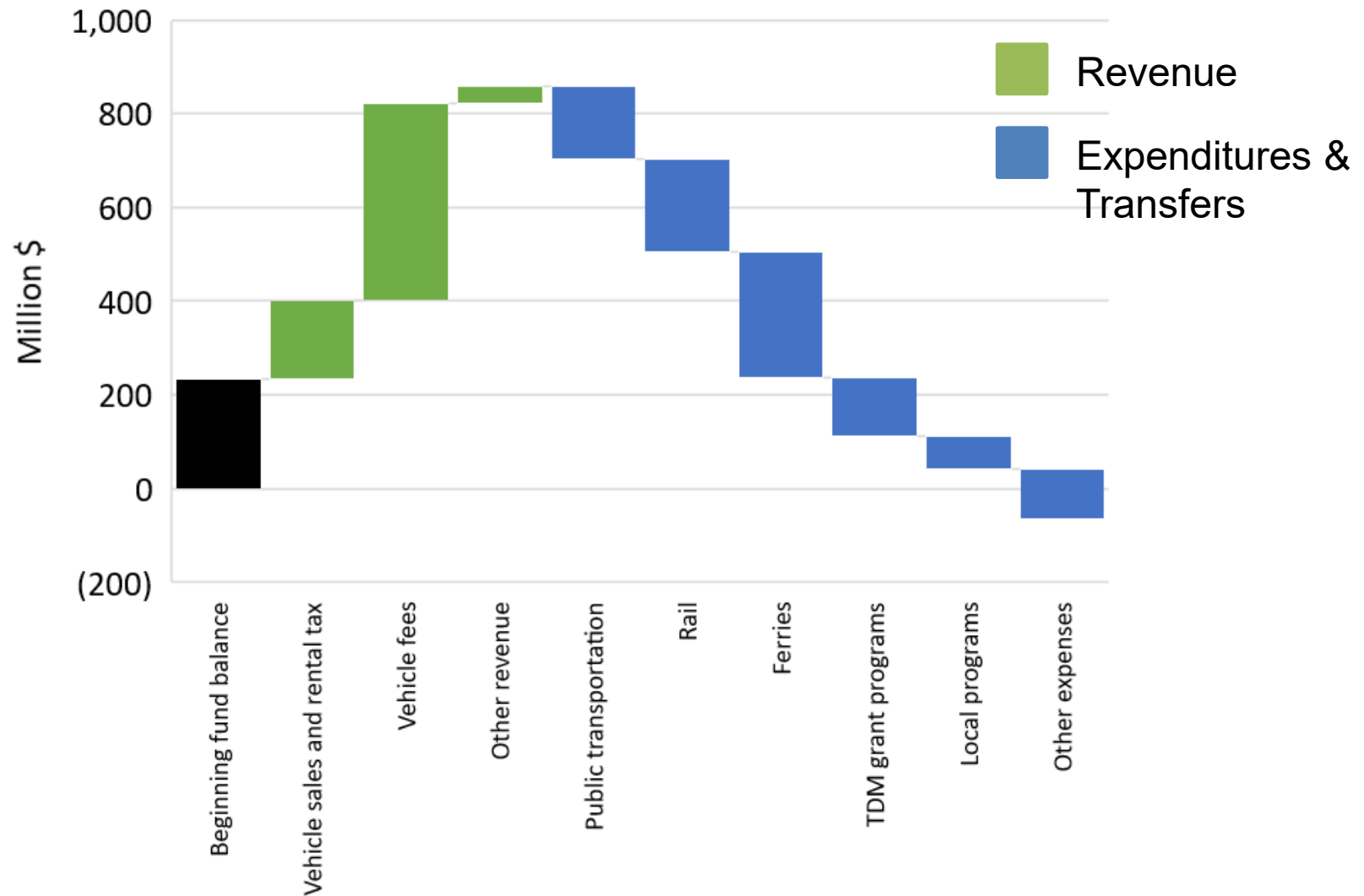
Question and Answer

Appendix

Multimodal Account Budget, 2019-2021

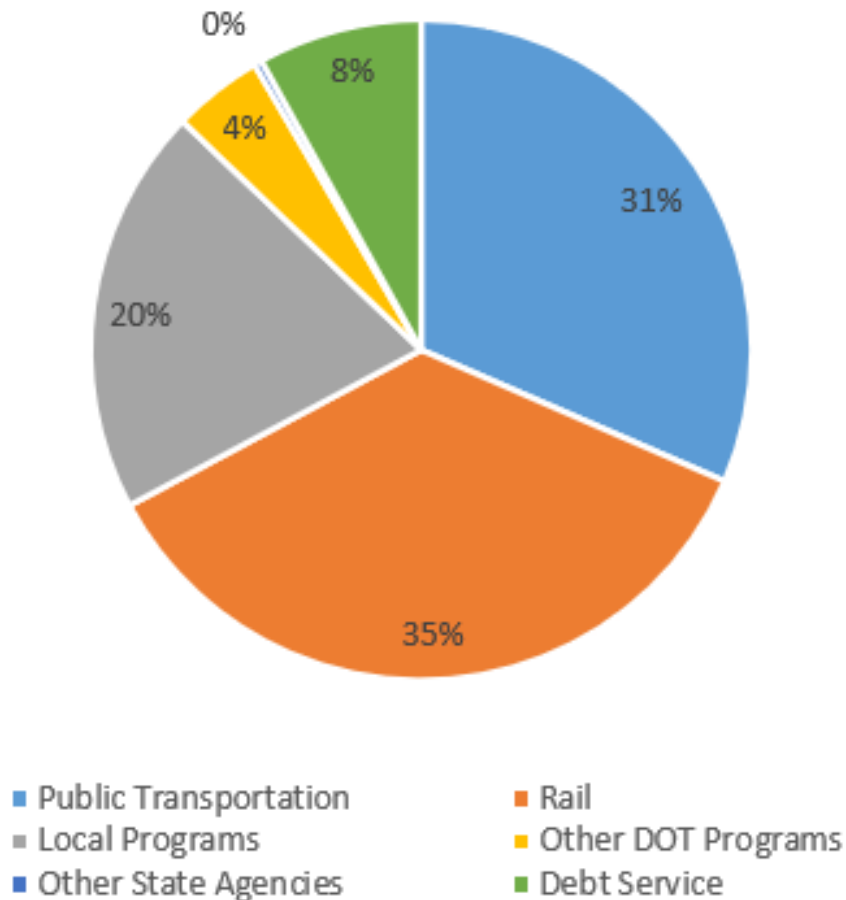


Multimodal Account Budget, 2021-2023

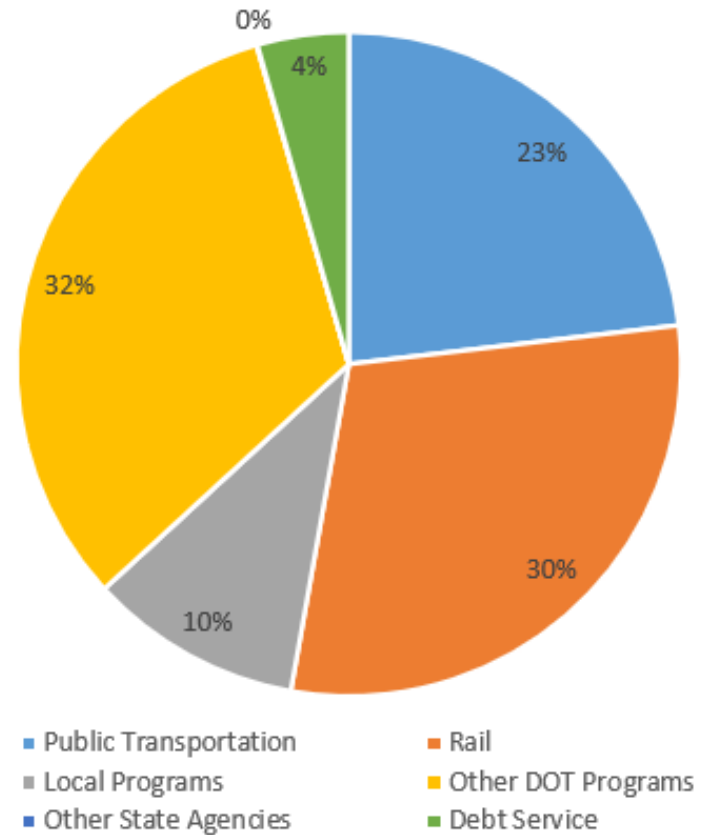


Multimodal Account Expenditures

2019-2021



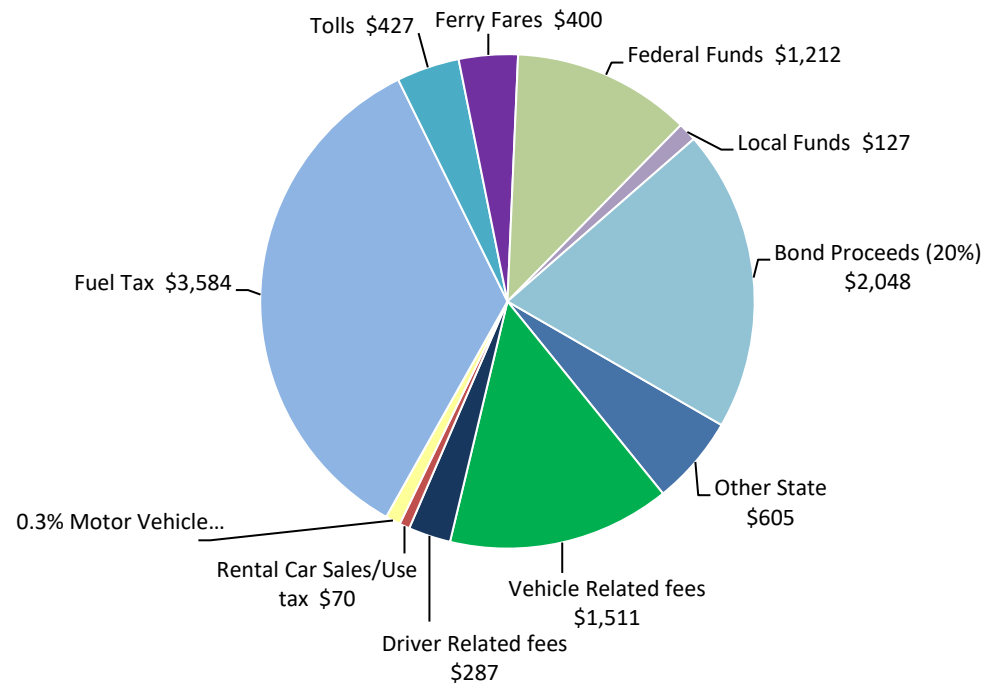
2021-2023



Revenues = \$10.4Bn

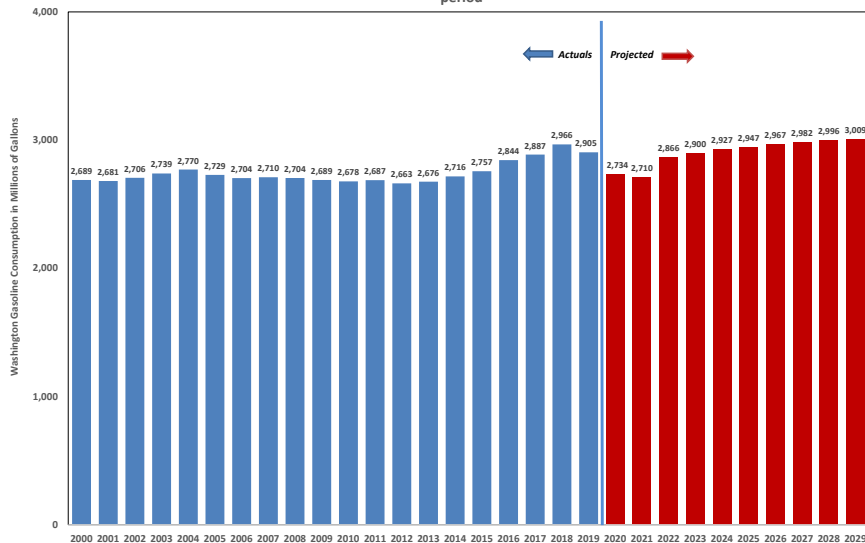
2019-21 Supplemental Budget

(\$millions)

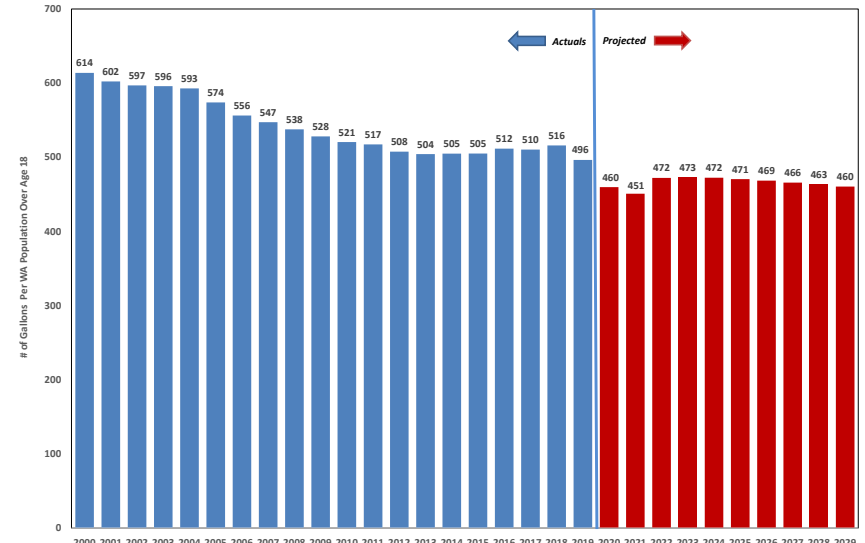


Source: February 2020 Revenue Forecast & Enacted 2020 Budget

Due to improved fuel efficiency, increased purchase of alternative fuel vehicles, telework, and other factors, gasoline consumption in Washington has remained relatively flat, growing by 8 percent over the entire time period

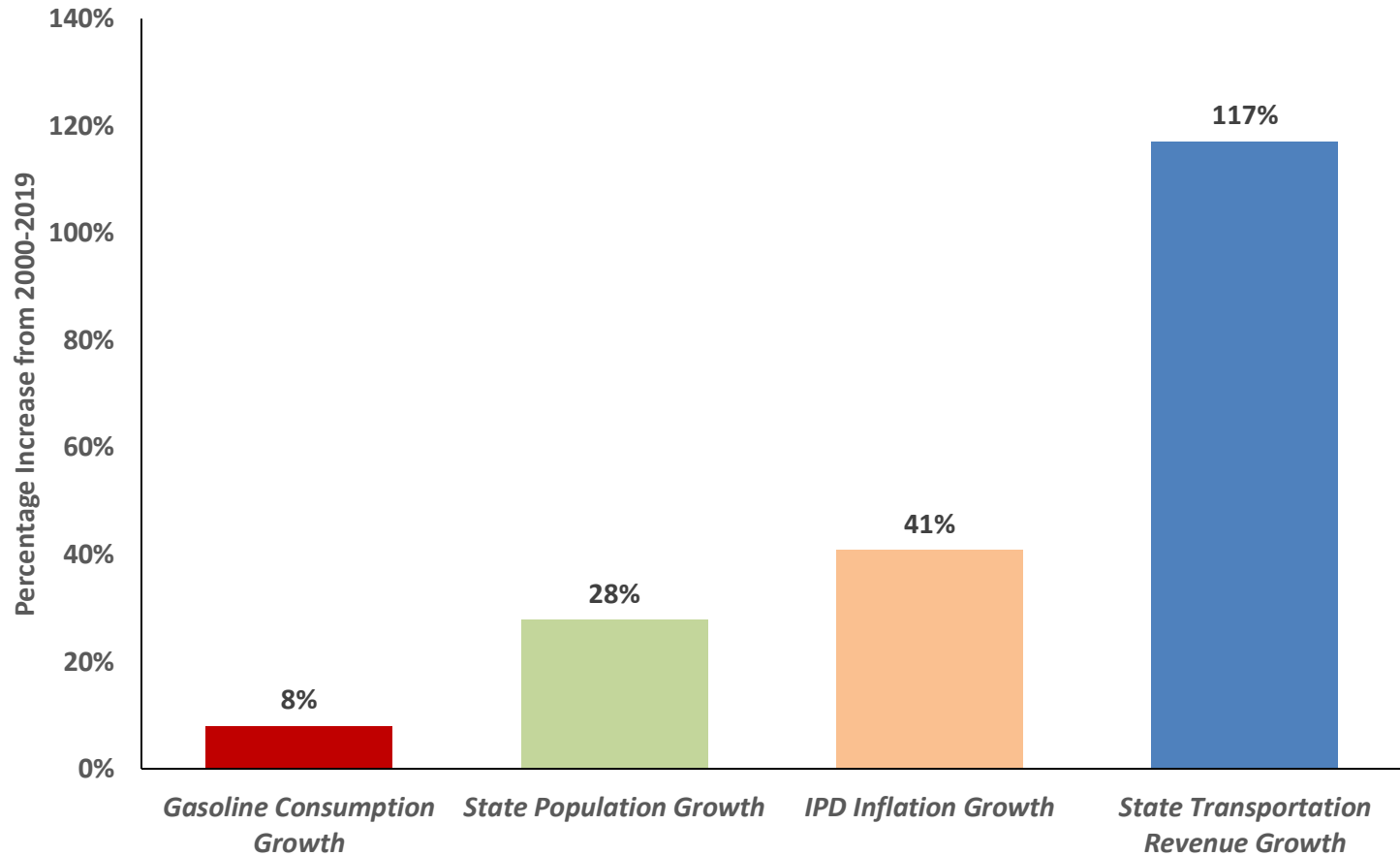


As result of flat growth, per capita gasoline consumption (i.e. the number of gallons consumed per person) is declining



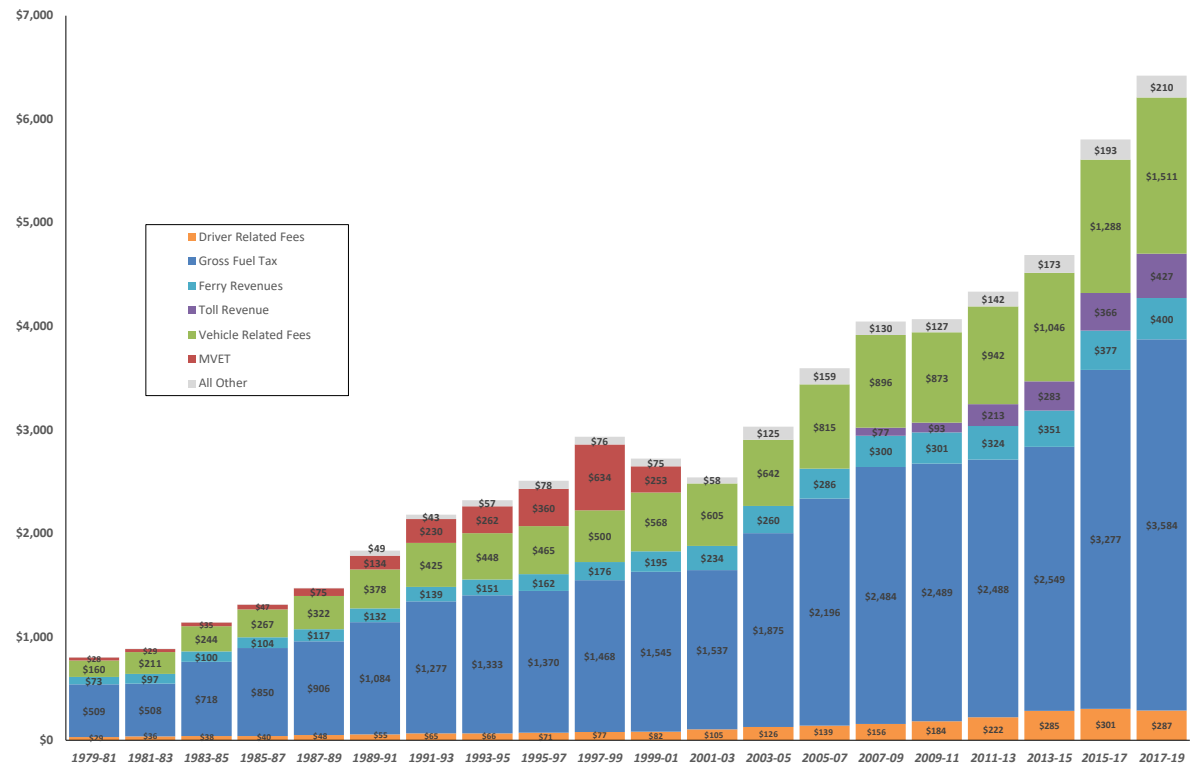
Change in fuel consumption

Over the last twenty years, gasoline consumption growth has been much slower than the growth in state population, inflation, or state transportation revenues



Change in The Mix of Transportation revenues

Over the last 40 years, transportation revenue sources have grown at different rates and the mix has changed

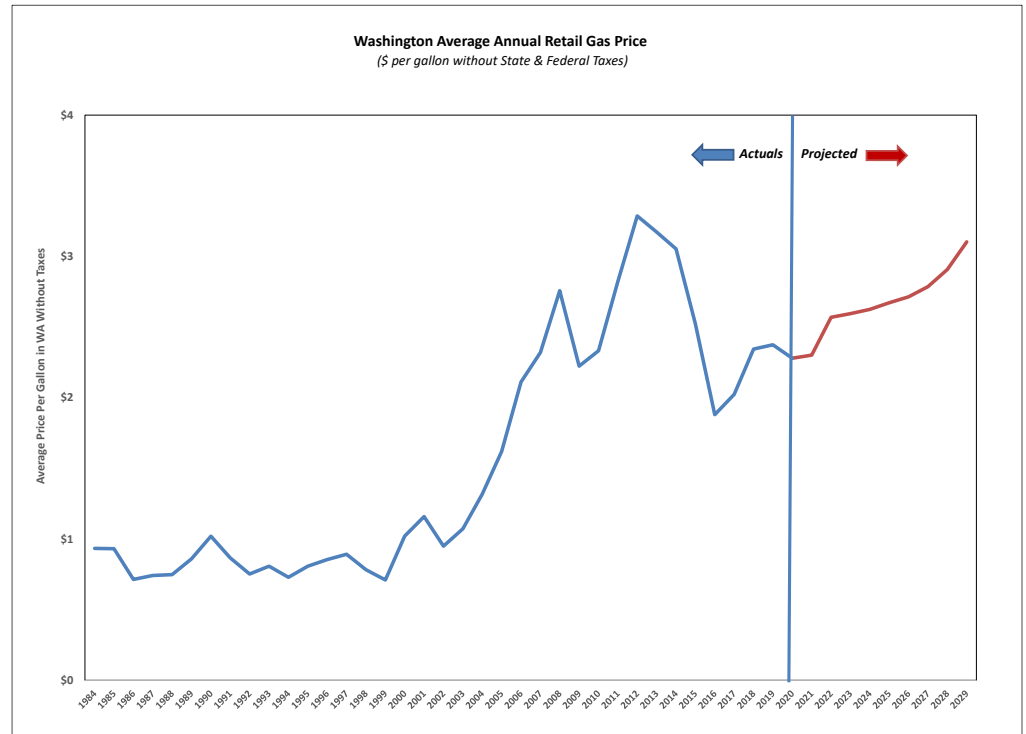


* Other funds from 1979-1989 totaled between \$1.3 million per biennium and do not show up on the chart for this reason. After this point, it included the rental car tax, a .3% on sales tax on motor vehicles, business related fees, and aviation taxes. Amounts on the chart reflect state forecasted revenues and do not include bonds, federal or local funds.

WA State Fuel Tax History

1921	1 cent/gallon
1929	2 cents
1931	4 cents
1933	5 cents; off-highway refunds
1935	Fuel oil at 1/4 cent/gallon
1941	5 cents on use fuel (diesel)
1944	18th Amendment to State Constitution
1949	6.5 cents/repeal fuel oil tax of 1935
1961	7.5 cents
1967	9 cents
1977	11 cents
1979	12 cents
1981	13.5 cents
1982	12 cents (variable rate study decrease)
1983	16 cents
1984	18 cents
1990	22 cents (effective April 1, 1990)
1991	23 cents (effective April 1, 1991)
1999	Raised the imposition of the motor fuel tax from the distributor/dealer to the supplier (terminal-rack)
2003	28 cents (effective July 1, 2003)
2005	31 cents (effective July 1, 2005)
2006	34 cents (effective July 1, 2006)
2007	36 cents (effective July 1, 2007)
2008	37.5 cents (effective July 1, 2008)
2015	44.5 cents (effective August 1, 2015)
2016	49.4 cents (effective July 1, 2016)

Change in Gas Prices



CHANGE IN AVERAGE MPG

