
Office of the State Treasurer



Debt Affordability Study 2016

March 15, 2016

Washington State Transportation Commission



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I. Debt Portfolio Overview

At the end of 2015, Washington's debt portfolio stood at \$20.6 billion, an increase of only three percent over two years.

State of Washington: Debt Outstanding (\$ millions)

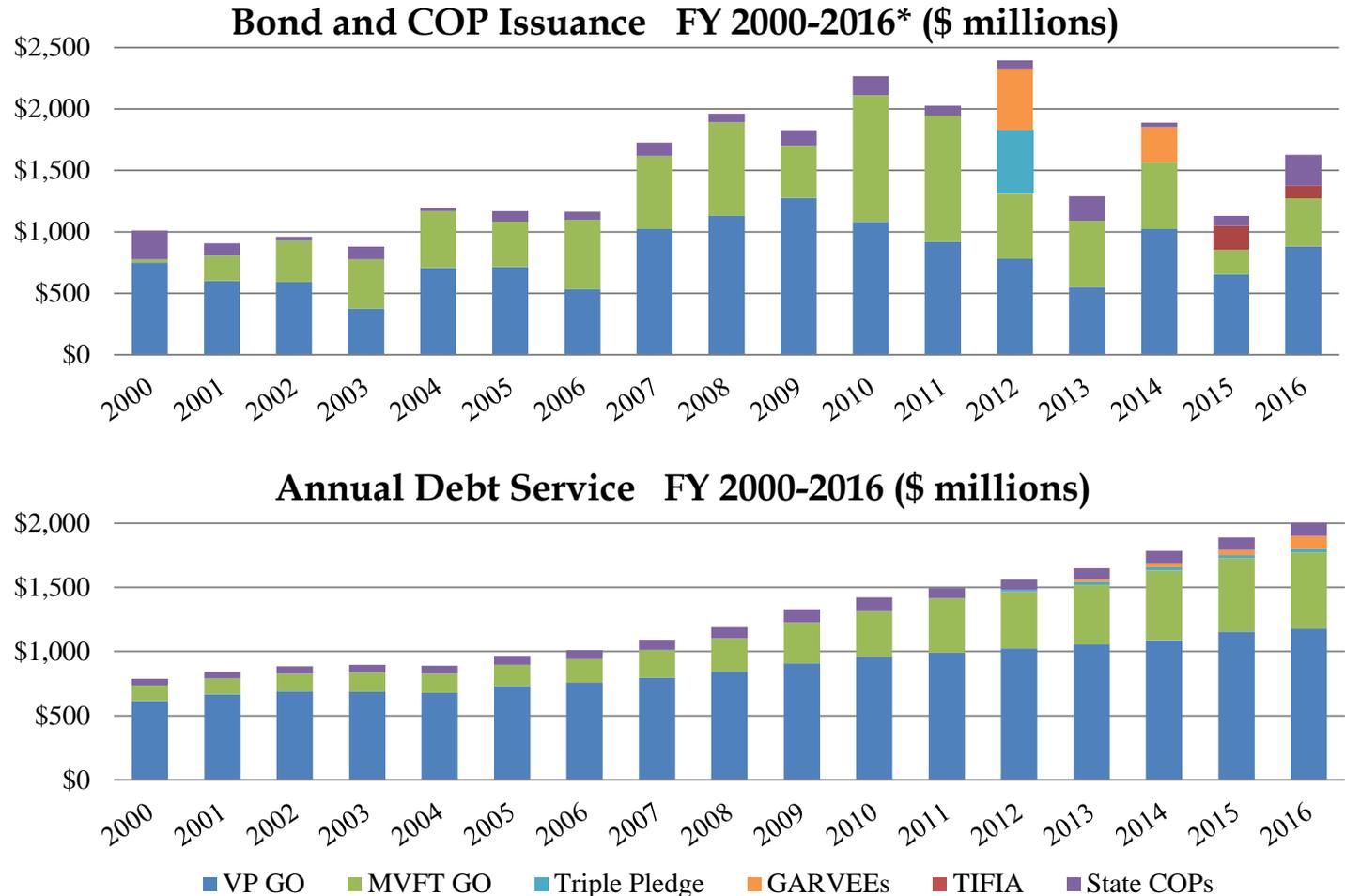
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
General Obligation Bonds					
Various Purpose	10,930	11,019	11,277	11,357	11,528
Motor Vehicle Fuel Tax	6,255	6,459	6,837	6,799	6,898
Triple Pledge	519	519	519	519	519
Subtotal	17,704	17,997	18,632	18,674	18,945
GARVEEs	-	500	786	786	724
TIFIA Bond	-	-	-	10	195
Certificates of Participation - State	533	565	608	616	770
Total	\$ 18,236	\$ 19,062	\$ 20,027	\$ 20,087	\$ 20,633



II. Debt Issuance & Debt Service

Total annual payments of principle and interest continue to grow and will reach nearly \$2.0 billion by FY 2016.

The State sold GO bonds on February 9, 2016 (25-year final maturity and level debt service) at a cost of 3.22%.



*New money only. One half of MVFT GO bonds issued as Build America Bonds in FY 2010 are shown in FY 2011. No MVFT GO bonds were issued in FY 2011. FY 2016 estimate.



III. Transportation Bonds

Transportation projects financed with GO bonds have the same low borrowing costs as all other state capital projects financed with Various Purpose GO bonds.

Motor Vehicle Fuel Tax General Obligation bonds (MVFT GO)

- Paid from state excise taxes on motor vehicle fuels and are backed by the full faith, credit, and taxing power of the State.
- Proceeds are constitutionally restricted to highway capital projects.

Triple Pledge bonds (Tolls/ MVFT/GO)

- MVFT GO bonds which are first paid from SR520 toll revenue.
- Carry the same rating and borrowing rates as VP GO bonds.

Federal Highway Grant Anticipation Revenue bonds (GARVEEs)

- Not backed by the State's general obligation pledge.
- Secured solely by funds received from the Federal Highway Admin.
- SR 520 Corridor is the only program for which the Legislature has authorized issuance of GARVEE bonds.

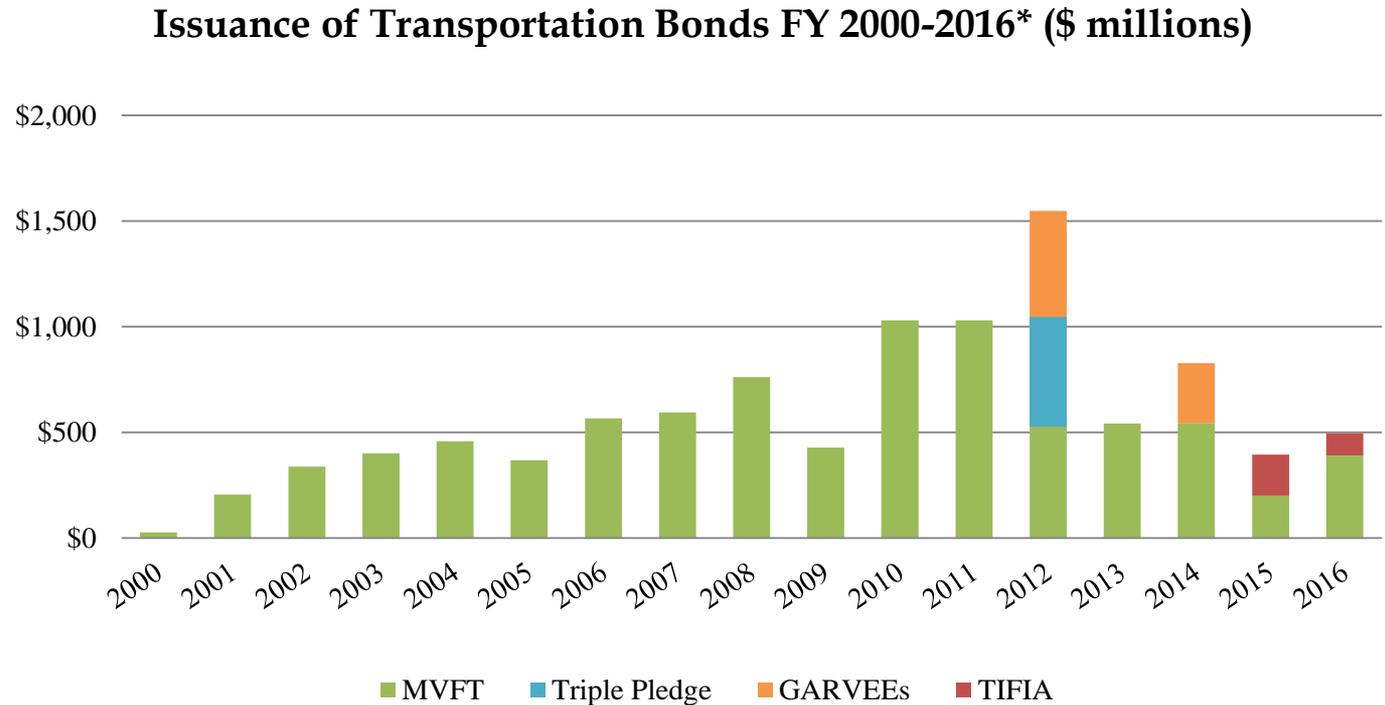
TIFIA bonds

- Not backed by the State's general obligation pledge.
- A loan from the Federal Highway Administration which is paid solely from SR 520 toll revenues.



III. Transportation Bonds

By fully leveraging Nickel and TPA gas tax revenues, annual MVFT GO issuance increased from \$65 million in the 1990s to over \$500 million by 2013.



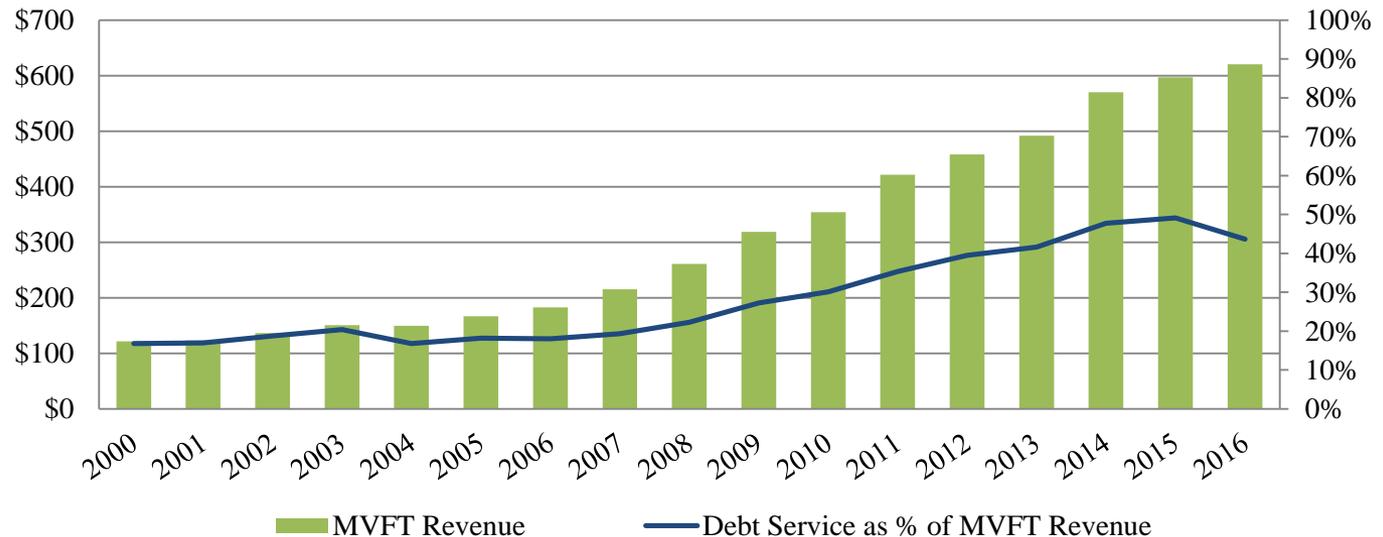
*Excludes Refundings. FY 2016 estimate. One half of MVFT GO bonds issued as Build America Bonds in FY 2010 are shown in FY 2011. No MVFT GO bonds were issued in FY 2011.



III. Transportation Bonds

In FY 2015, debt service on MVFT GO bonds rose to nearly \$600 million, representing 30 percent of state transportation revenues, and half of pledged motor vehicle fuel tax revenues.

**MVFT GO Debt Service: FY 2000-2016* (\$ millions)
Totals and as Percent of MVFT Revenue**



In 2016, the amount of leverage will begin to decline as revenue increases with the Connecting Washington gas tax hikes and with the addition of vehicle related license fees to revenues pledged to new bonds.

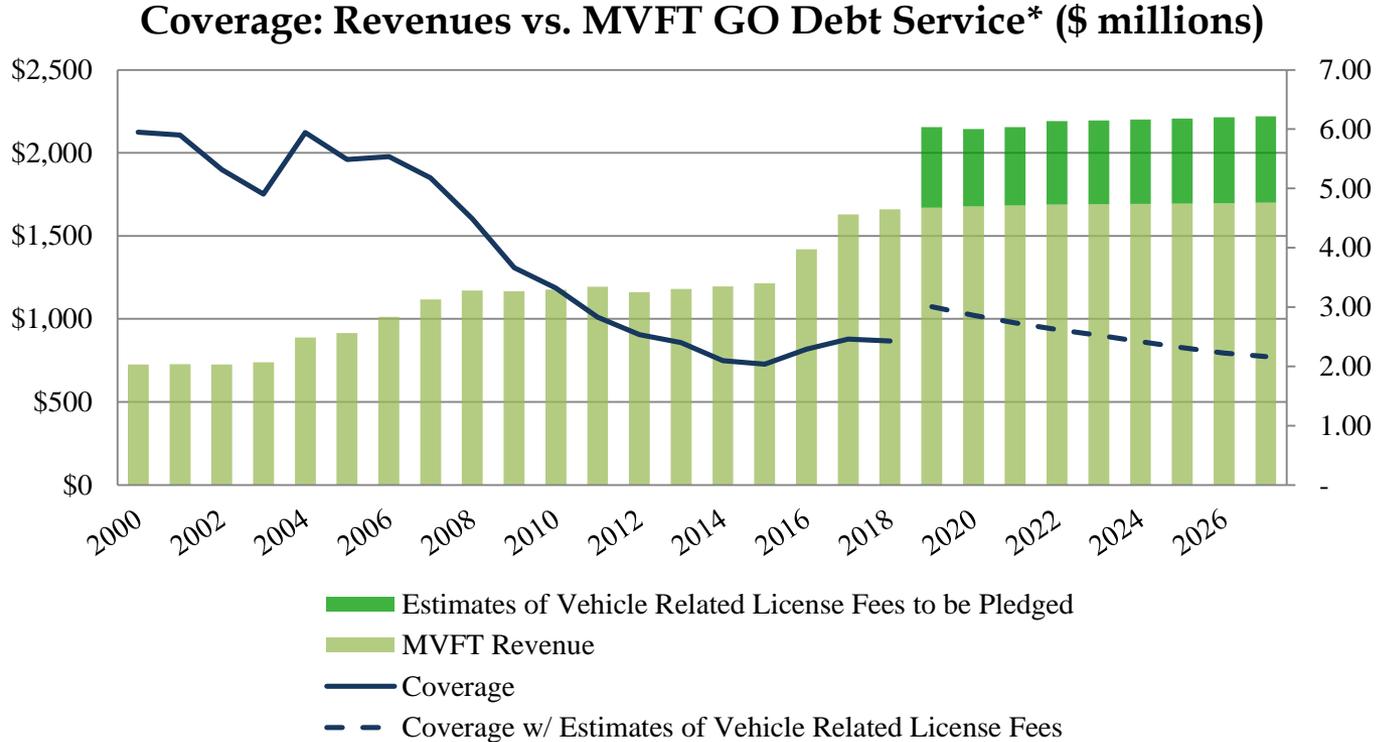
*FY 2016 estimate. Debt service includes all bonds pledging MVFT revenue.



III. Transportation Bonds

In the Connecting Washington package, the Legislature authorized \$5.3 billion GO bonds for transportation projects backed by a new broader pledge of motor vehicle fuel taxes and vehicle-related license fees.

Issuance is not expected until FY 2019.



The coverage ratio (ratio of revenues to debt service) will rise as growth in MVFT revenues outpaces debt service.

In 2019, coverage will rise further with the issuance of bonds pledging a broader range of revenues.

*Debt service projections based on 2015 transportation budget request.

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