

# Washington State Explores Transportation Funding Options



Washington State  
Transportation Commission



September 14, 2011



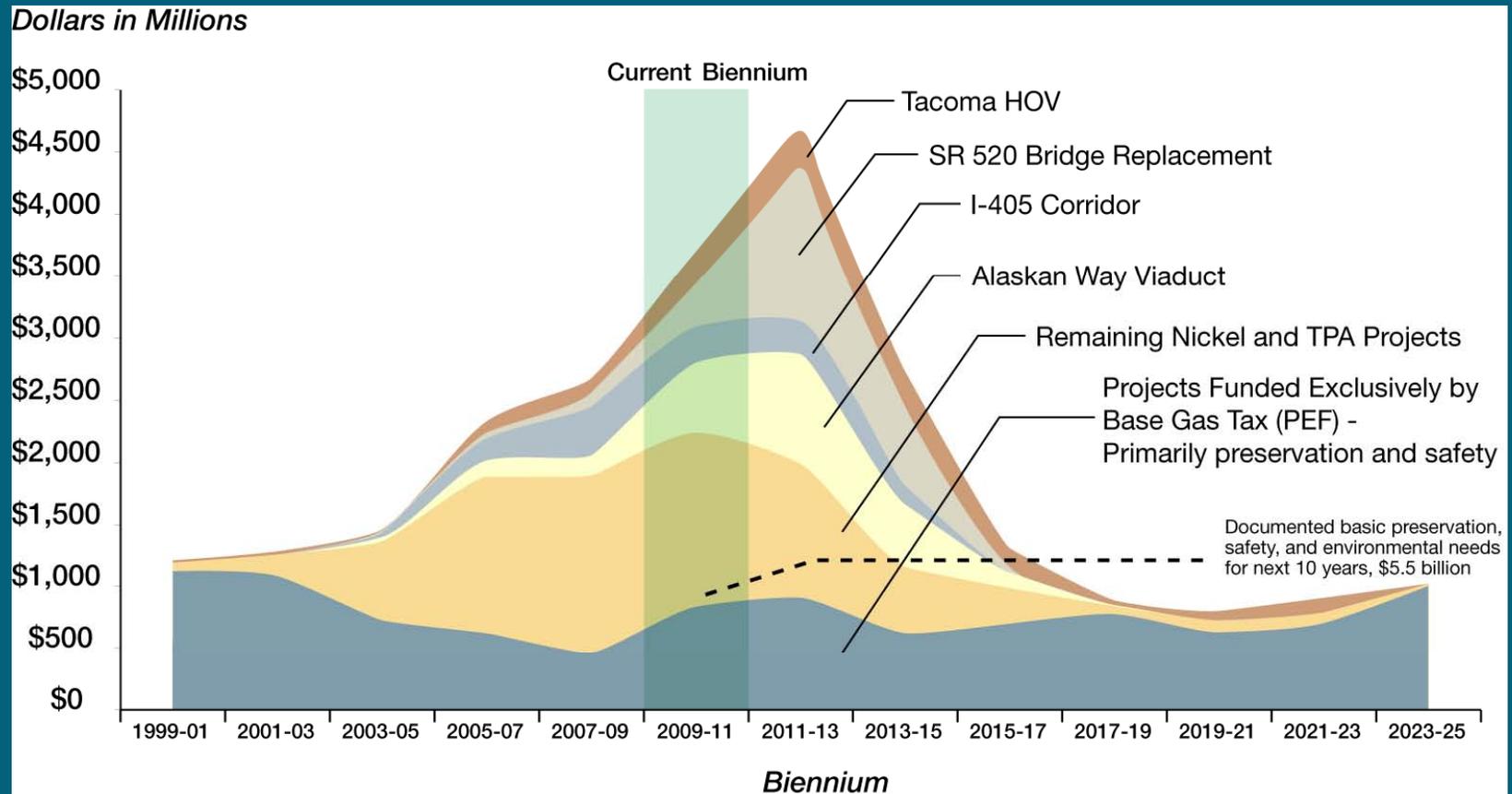
# What does the Future Bring?

- ❑ Less than 25% of Washington's transportation budget comes from federal funds
- ❑ Most state transportation spending today relies on bond revenue repaid from gas tax receipts
- ❑ Declining gas tax revenue impacts the state, cities and counties
- ❑ The economy and voter initiatives, such as the property tax cap, also have reduced city and county transportation revenue
- ❑ Transit agencies, reliant on sales tax for operating revenue, have lost significant funds, while facing higher fuel costs and increased demand



# The Future is Dramatically Different

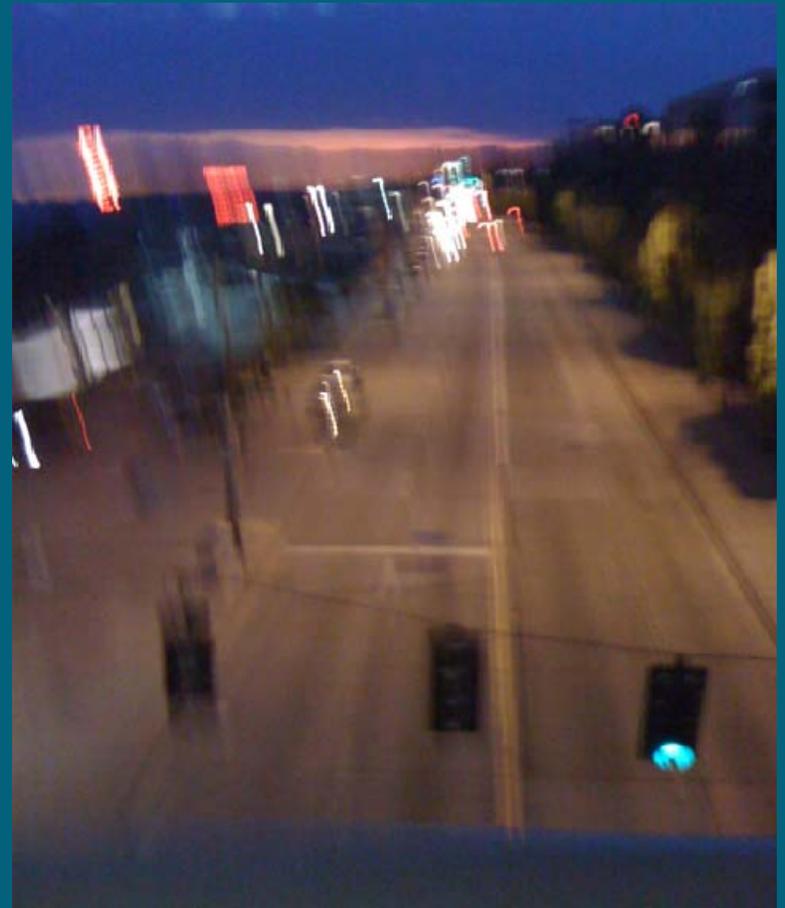
Bond revenue from the 2003 and 2005 gas tax increases has supported major new projects reaching completion. State transportation spending peaks this biennium and drops off quickly.



# Washington is Exploring Alternative Transportation Funding Options

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- ❑ The 2009 Legislature commissioned a Study on "*Implementing Alternative Transportation Funding Methods.*"
- ❑ Starting from that 2009 Study, the Transportation Commission considered the state funding options it discussed and narrowed the options to explore in *Washington Transportation Plan 2030.*





- ❑ The state faces a backlog of critical projects and mounting needs to adequately preserve and steward key parts of the transportation system.
- ❑ By conservative estimates, at least \$175 billion to \$200 billion in funding is required to meet statewide needs over the next 20 years.
- ❑ Of that total, county need is estimated at nearly \$41 billion and city need at almost \$29 billion.



# Transportation Funding Options

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- 1. Maintain the viability of the fuel tax by indexing it to the Consumer Price Index (CPI).**

Indexing would allow fuel tax revenues to grow with inflation, maintaining the purchasing power of these revenues.

- ▣ *Estimated additional revenue: \$4.4 to \$6.6 billion 2009 - 25*

# Transportation Funding Options

2. Offset fuel consumption decline due to more fuel efficient vehicles by implementing one of two options:

A. Increase the fuel tax rate annually

- *Estimated additional revenue: One cent per gallon annual increase projects to \$3.4 to \$3.9 billion 2009 – 25*

B. Add a percentage-based transportation assessment fee (similar to a sales tax) to the price of fuel

- *Estimated additional revenue: \$4.1 to \$4.6 billion*



# Transportation Funding Options



### 3. Maintain the viability of licensing and permit fee revenues through legislation that increases rates to 2012 purchasing power and then indexes them to maintain future purchasing power.

- Through legislation, the affected agencies could be authorized to adjust fees annually through the budget process.
- *Estimated additional revenue: \$3.8 billion 2009 - 25*

# Transportation Funding Options

## 4. Increase reliance on vehicle weight fees.

- Currently, the weight fees charged to passenger vehicles are reduced by \$30 -- the amount of the vehicle registration fee. By eliminating this \$30 deduction, and by raising truck weight fees, vehicle weight will play a larger part of transportation funding.

- *Estimated additional funding: \$3.8 billion 2009 - 25*



# Transportation Funding Options

## 5. Adopt in-lieu-of fees for electric and other high mileage vehicles.

- Consistent with fees adopted for natural gas and propane powered vehicles, the Legislature could adopt in-lieu-of fees for electric and other high mileage vehicles to make up for lost gas tax revenues.
- *Estimated additional revenue: \$1.0 to \$271 million 2009 - 25*



# Transportation Funding Options

## 6. Support Local Funding Options Recommended in the 2009 Report.

- Authorize cities to establish street maintenance utility taxes
- Allow transportation benefit districts to impose license fees up to \$100 by councilmanic vote and provide flexibility in the use of the funds
- Amend authority for counties and cities to impose a fuel tax, setting it at cents per gallon rather than as a percentage of the state tax, and provide councilmanic authority to impose the local fuel tax
- Provide additional revenue options for transit, such as additional sales tax authority, a local option vehicle license fee or a local option vehicle excise tax.



# Transportation Funding Options

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## 7. Funding for Washington State Ferries

- Fund long-term capital needs with a vehicle excise or similar tax. Set the tax rate to eliminate the need to make administrative transfers from road funds.
- Increase fares and other revenues to close the operating revenue gap.
- Implement a fuel surcharge.



# Transportation Funding Options

## Supplement Gas Tax Revenues with Tolling

- Build a project
- Manage traffic
- Build a project and manage traffic
- Manage a transportation corridor



# Tolling to Build a Project

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- Tacoma Narrows Bridge
  - Project Cost: \$735 million
- Toll Revenue makes bond payments and finances maintenance and operations
- Toll Rates for car:
  - Good to Go: \$2.75
  - Cash: \$4.00
- Transit not exempt

# Tolling to Manage Traffic

## SR 167 Pilot Project:

High Occupancy Toll Lanes using dynamic Tolling.

- Rates reflect traffic in HOV and general purpose lanes.
- Speeds increased by 11% in GP lanes.

Average toll:

Less than \$1.00



# Tolling to Build a Project and Manage Traffic

## SR 520 Replacement/HOV

- New floating bridge
- Extends HOV lanes from I-5 to SR 202

Project Cost: \$4.65 billion

## Variable Tolls.

- Weekday peak: \$3.50 ETC/\$5 Pay by mail
- No tolls 11 pm – 5 am
- Exempt from tolls: registered vanpools and transit



# Tolling to Manage a Transportation Corridor

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Not currently used in Washington State.

Tolling both Lake Washington bridges (SR 520 and I 90) may be necessary to manage traffic flow.

Tolling SR 520 alone does not raise enough money to complete the project.

Passage of proposed November 2011 voter initiative would prohibit tolling for corridor management.





# The End. Thank you!



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Transportation Commission**

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