

HOUSE BILL REPORT

ESSB 6381

As Passed House:
March 8, 2010

Title: An act relating to transportation funding and appropriations.

Brief Description: Making 2009-11 supplemental transportation appropriations.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen and Marr; by request of Governor Gregoire).

Brief History:

Committee Activity:

None.

Floor Activity:

Passed House: 3/8/10, 78-19.

Brief Summary of Engrossed Substitute Bill

- Updates the \$7.5 billion 2009-2011 Transportation Budget to an overall spending level of \$8.5 billion to reflect the receipt of \$590 million in the federal high speed rail grant program under the American Recovery and Reinvestment Act, as well as the receipt of other federal funds and acceleration of state-funded project work.

Staff: Mark Matteson (786-7145).

Background:

2009-2011 Transportation Budget.

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

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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 2009-2011 biennial budget was adopted in April 2009, several changes have occurred that impact budgetary conditions. Transportation revenues to fund activities in the current biennium have declined by about \$120 million, according to official forecasts. At the same time, the inflation of costs of materials necessary for transportation projects has decelerated significantly as a result of slow economic conditions. Slower spending in the previous fiscal biennium resulted in additional work to be done on a number of transportation projects.

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.

American Recovery and Reinvestment Act of 2009.

On February 17, 2009, Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA), providing \$787 billion in spending and tax cuts nationwide. The bill includes federal tax cuts, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, health care, and infrastructure, including the energy sector. The ARRA includes several national discretionary programs to be administered by federal agencies, including an \$8 billion high-speed rail program; a \$1.5 billion national surface transportation program (known as "Transportation Investment Generating Economic Recovery" or TIGER); a \$1.3 billion program for capital grants to Amtrak; and a \$60 million ferry grants program.

On January 28, 2010, the federal administration announced the ARRA high-speed rail grant program awards, with Washington receiving \$590 million, for the purpose of achieving two additional Amtrak round-trips between Portland and Seattle. On February 17, 2010, the federal administration announced the recipients of the TIGER grants, including the WSDOT, for \$35 million for the U.S. 395 North Spokane Corridor.

Summary of Bill:

The 2009-2011 biennial Transportation Budget is amended to reflect a decline in state revenues since enactment of the budget bill, the receipt of additional federal funds, reduced spending expectations resulting from lower inflationary projections, a reprogramming of unfinished work from the previous fiscal biennium, acceleration of some projects, and emergent operating expenses. A few policy initiatives are funded, including increasing the number of State Patrol troopers; scoping potential projects in anticipation of future funding

packages; and providing funds for several safety, environmental, and other emergent capital needs. Net spending authority is increased by about \$1 billion, with much of the authority increase going to the WSDOT Rail Capital Program to implement the ARRA high-speed rail grant funds, and to the WSDOT Improvements Program to address accelerated activity on projects such as the State Route 520 bridge replacement and corridor improvements.

Appropriation: Total appropriations are approximately \$8.5 billion across several accounts.

Fiscal Note: Not requested.

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