

FINAL BILL REPORT

ESHB 2190

PARTIAL VETO C 86 L 12 Synopsis as Enacted

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).

House Committee on Transportation

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 \$30 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 other projects planned to be completed 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 Transportation Partnership Act (TPA) was enacted providing an increase in the motor vehicle fuel tax rate of

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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 legislation was enacted authorizing tolls to be imposed on the SR 520 corridor and authorizing \$1.95 billion worth of bonds to be sold to pay for the construction of the bridge and associated landings. In 2010 enacted legislation 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:

The 2011-2013 biennial Transportation Budget is amended to reflect a decline in state revenues since its enactment, 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 \$930 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. 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.

Votes on Final Passage:

House 82 16
Senate 44 5 (Senate amended)
House (House refused to concur)

Conference Committee

Senate 43 6
House 85 13

Effective: March 23, 2012
June 7, 2012 (Sections 701-713, 805, and 806)

Partial Veto Summary: The Governor vetoed six sections or subsections in the 2012 Supplemental Transportation Appropriations Act. The effect was to remove certain directive language concerning:

- a review by the state Chief Information Officer of conversion of WSP communication systems through the narrowbanding process;
- making the narrowbanding contract contingent on an independent financial and compliance review;
- an evaluation of the proposed move of the WSDOT Aviation program from Arlington to Olympia;
- a requirement for the WSDOT to approve a reduction in the speed limit on a state highway in the vicinity of a state university research and extension center; and
- a reduction of the workforce in certain WSDOT operating programs in the 2013-15 biennium.

The veto also removed a section making certain provisions null and void if Engrossed Substitute Senate Bill 6455 was not enacted. There is no effect of the vetoes on any appropriations.