



ISSUE BRIEF

Transportation Budget

Key facts

- Revenues to fund the transportation budget are insufficient for the need. For example, **the 2019-21 budget spends \$10.4 billion** while the September **revenue forecast is only \$5.7 billion** in state revenues and \$1.5 billion in federal revenues. This is a **reduction of about \$580 million** from the February forecast.
- The transportation budget is mainly funded by roughly 5.8 million drivers.
- Funding held in reserve due to I-976 could supplant a good portion of the COVID-related revenue reductions.

The debate

Republicans have been suggesting use of general fund resources to help pay for the transportation system since the 1990s. Governor Locke rebuffed such a shift because it would impair the operating budget's funding for education. House Transportation Chair Jake Fey used that same argument when asked about the HRC bill that would move the sales tax revenues paid on vehicles to the transportation budget for preservation of the system.

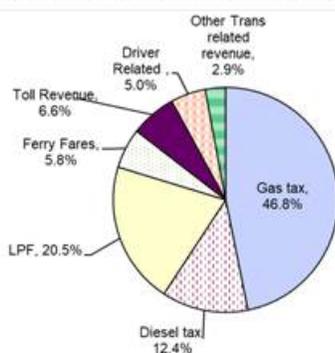
Here are some potential responses to that sound bite:

- (a) More money is not going to help an education system that currently gets over half of the general fund revenues for school districts that are also taxing districts.
- (b) Buses, bike paths, the police academy, and trains are all public goods funded by the transportation budget that do not pay for themselves, yet most people agree they ought to be paid for, just not by drivers.
- (c) This Republican solution would use resources from the operating budget garnered from taxes on vehicles and transportation projects rather than taking more money out of the struggling economy.

The transportation system needs an infusion of billions of dollars for: maintenance; preservation and replacement of existing infrastructure; day-to-day operations; clean-up of homeless encampments along roads; COVID-related impacts; and to comply with a federal court order to replace fish culverts on state roads around Puget Sound that are barriers for fish to move up-stream to spawn.

Background

Figure 2: Revenue By Source 2019-21 Biennium (\$5.719 billion)



The [Transportation Revenue Forecast](#) for September indicated \$5.7 billion in state revenues from primarily the motor vehicle tax, driver related fees, and license, permits, and fees (LPF).

In 2020, adjustments were made to delay WSDOT projects to address expected shortfalls in revenues because of I-976 (\$30 car tabs). The Washington Supreme Court in October found the initiative to be unconstitutional, therefore, almost half a billion dollars is now available for spending.

COVID safe work procedures have caused operational delay and increased costs. In May, when construction projects were stopped due to COVID, Transportation Secretary Roger Millar indicated WSDOT had additional costs of

\$100 million per month. Governor Inslee instituted hiring freezes and employee furloughs to cut costs. It is currently unclear what amount will be needed.

What to expect in the 2021 session

From the governor and other Democrats, expect to see legislative proposals that would:

- Propose a carbon reduction fee, tax, or policy with some funding going towards the transportation budget.
- Representative Fey has been doing a stakeholder listening tour in expectation of a revenue raising plan with another project list to be constructed at the same time as Connecting Washington (CW). It is noteworthy that WSDOT has not been able to implement the CW projects in a timely fashion.
- There will be a need to back-fill funding where fares typically pay for operations, such as tolls, ferries, busses, and rail.

In 2020, Democrats offered these bills that may come back again:

- Senator Saldana offered a road usage charge bill for electric vehicles.
- Representative Fey offered a 9.7 cent gas tax increase over 10 years to pay for WSDOT to replace state fish passage barriers.
- Senator Hobbs offered a comprehensive revenue plan with multiple sources and a project list.

The **Joint Transportation Commission**, by legislative direction in the budget, hired consultants to do a statewide needs study that will be finalized in December. The consultants involved stakeholders that want funding from the transportation budget. The study will show billions of dollars of shortfall across the state, including non-state obligations, and propose new revenue sources. The Republican concept of using general fund money was not a consideration.

From Republicans, expect to see proposals that focus on fixing the existing system, building what was already agreed to on the project list, and reforming policies. For example, legislation that:

- Shifts revenues from the general fund to the transportation fund, such as sales taxes paid on motor vehicles or from building transportation projects.
- Prioritize preservation and maintenance of the transportation system.
- Reduces operational costs, transforms grant programs, and protects people.

Additional information

- LEAP transportation budget 2020 information: <http://leap.leg.wa.gov/leap/budget/detail/2020/ht2020p.asp>
- OFM Transportation Revenue Forecast: <https://www.ofm.wa.gov/budget/budget-instructions/transportation-revenue-information>
- DOL data (# of vehicle registrations, # of driver's licenses, etc.): <https://www.dol.wa.gov/about/data.html>
- Washington Policy Center: <https://www.washingtonpolicy.org/centers/detail/coles-center-for-transportation>