



Proposed House 2005-07 Transportation Budget

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Representative Ed Murray, Chair
House Transportation Committee

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OVERVIEW

The proposed 2005-07 House transportation budget focuses on improving the safety of our roadways, preserving at-risk roads and bridges, and protecting and enhancing Washington's economy. Earthquakes, safety problems, population and economic growth, and an aging infrastructure have contributed to significant unmet state and local needs. The House transportation budget is based on meeting these critical needs through a phased-in gas tax increase, fees for services, and partnerships with local and regional governments and the business community.

AT-RISK STRUCTURES

The condition of many roads and bridges throughout Washington pose a public safety risk. The Alaskan Way Viaduct and the SR 520 floating bridge face shutdown or collapse in the event of an earthquake or major storm.

The Alaskan Way Viaduct, which carries more than 103,000 vehicles a day, has a one in twenty chance of failure in the next earthquake. The viaduct is a crucial link in the Puget Sound region's transportation system and a major freight carrier, making it critical to the state's economy. While federal funds are expected to finance most of the seawall project, the federal government will not pay for a major share of the Viaduct replacement as hoped. In the House plan, \$2.3 billion is provided as the state's share of replacing the Viaduct.

Like the Viaduct, the 520 floating bridge has a one in twenty chance of failure in the next earthquake. The bridge is also highly vulnerable to storms. This House spending plan includes \$1.5 billion to replace the bridge, about half the total cost, with the balance to be made up from tolls (currently estimated at \$700 million) and a regional contribution.

Across the state, 800 bridges are at risk due to needed seismic retrofits. The House spending plan provides \$87 million to speed up work on 159 of the most vulnerable bridges in earthquake zones.

HIGH PRIORITY SAFETY PROJECTS

Statewide, 139 bridges are under load restrictions due to age and damage. Structural deficiencies such as deteriorating columns, exposed and corroding steel rebar, and crumbling concrete beams need repair in order to avoid safety risks and further congestion. The House package provides \$340 million to replace the 27 bridges that the Department of Transportation has identified as the highest priority. The remaining bridge repairs will be addressed in the coming years within existing revenues.

Another significant safety issue in Washington are two-lane rural roads. The House budget provides \$422 million to address dangerous structural issues and implement critical safety improvements.

Bicyclist and pedestrian fatalities represent 14% of all transportation-related fatalities in Washington, many on transit routes or involving children walking or biking to school. In order to address these critical safety issues, pedestrian safety projects are funded at \$30 million, and \$60 million is added for safe routes to schools and transit stops.

PRESERVATION OF THE SYSTEM

Concrete pavement on our interstate highways is deteriorating. More than half of our concrete pavements are more than 30 years old, and some were built more than 60 years ago. In addition to being a safety issue, resurfacing is needed in order to avoid costly future replacement. The House budget provides \$200 million for work on I-90 from Snoqualmie Pass to Ellensburg. State matching funds will supplement anticipated federal dollars needed for resurfacing and preservation.

MOVING PEOPLE AND GOODS

The House transportation spending plan earmarks \$1.6 billion to address chokepoints and congestion relief, building on the 2003 Nickel Package. Thirty congestion relief projects are funded.

Construction Mitigation

The package includes \$235 million to address traffic congestion during construction of the Alaskan Way Viaduct. This includes improvements to SR 167, a \$160 million investment in I-405, bridge repair on I-5 in south Seattle, and a project on SR 522.

In addition, nearly a half billion dollars worth of improvements on I-405, funded in the 2003 Nickel Package, will be advanced so they are completed by 2009 in order to help reduce traffic congestion caused by the reconstruction of the Alaskan Way Viaduct.

Freight Mobility

In addition to work on the Snoqualmie Pass, the House transportation spending plan invests \$167 million in more than 25 state and local freight mobility projects. These projects include Lincoln Avenue grade separation at the Port of Tacoma, the city of Yakima's grade separated rail crossing, Walla Walla's US 12/SR 124 interchange, and Renton's Strander Blvd/SW 27th Street connection.

Nearly \$13 million is invested in freight rail projects including the Geiger spur connection in Spokane County and a critical junction in the Chehalis and Centralia area.

\$200,000 in start-up funding is provided for a rail car program to develop a new refrigerated produce rail car program to improve the availability of transport and reliability of shipment.

A comprehensive study is funded to help ensure any public investment in rail results in the greatest benefit. State government is increasingly being asked to finance investments in private rail lines throughout the state in order to keep our freight rail system moving. This is a new endeavor for the state, and we need to better define the public sector's role.

Public Transportation and Passenger Rail Investments

A new grant program is created to provide \$400 million in grants to transit systems for a broad range of capital and operating programs. The new Regional Mobility Steering Committee created in HB 2124 will prioritize the grants and submit them to the legislature for approval. The grants will focus on areas such as rush hour transit; system connectivity; preserving, replacing or improving capital assets; and park and ride lots.

Funding of \$55 million for special needs grants for transit systems and non-profits will build on the program created in the 2003 transportation package. These grants will finance local transit service for the elderly and disabled who depend on public or non-profit transit.

Increased commute trip reduction tax credits of \$8 million will encourage employers to create programs that reduce drive-alone commuting. The tax credit leverages private resources to encourage employers to invest more in alternative transportation for their employees. This proposal modifies the current tax credit law to make it accessible to small and medium-sized employers.

The House transportation budget invests \$97 million in capital improvements to overhaul trainsets and speed train service by building Phase 1 of the Point Defiance bypass near Tacoma, and making other track improvements in Chehalis, Newakum, and Blaine.

Ferry System

The Washington State ferry system is the largest ferry transit system in the country, serving 24 million passenger and vehicle trips per year on 10 ferry routes that run nearly 500 sailings a day.

The House transportation spending plan provides \$185 million to improve the Bainbridge Island terminal, to preserve terminals at Fauntleroy and Port Townsend, and to replace the Hyak vessel built in 1967.

Under the House plan, Washington State Ferries will provide passenger-only service on a triangle route connecting Seattle, Vashon Island, and Southworth. This option generates the most fare revenue for the state system and increases the likelihood that taxpayers will benefit from federal ferry capital and operating grants. The service will be operated with the two fast ferries, the Chinook and the Snohomish, that have sat idle since the Bremerton passenger-only service closed down. The state will invest \$3 million to upgrade the two vessels and make improvements to the Southworth and Vashon terminals.

Ferry unions have agreed to part-time scheduling that provides more flexibility and cost efficiency. Combined with a \$1 roundtrip fare increase, and toward the end of the ten-year plan, a 72% farebox recovery is projected. This is nearly triple the current farebox recovery on the Vashon-Seattle route.

PARTNERSHIPS

Successfully addressing the state's transportation needs requires cooperation from federal, state, and local governments and the business community.

Local and Regional Investments

Cities and counties have seen expenses rise while funding has been cut through initiatives and the resulting loss of state funds. Counties need funding for preservation, maintenance, safety improvements, construction, and local freight improvements.

The House transportation plan provides a new direct funding stream to local governments to help finance local transportation needs: one cent of the total fuel tax increase.

Local Grant Programs

The House transportation budget provides \$56 million to the Transportation Improvement Board for grants to local governments and \$24 million to the County Road Administration for grants for county roads. These grants will generate local matching funds, thereby maximizing the state's investment.

Local Freight Mobility Grants

A total of \$140 million is provided for local freight mobility projects prioritized by the Freight Mobility Strategic Investment Board. These projects will enhance trade opportunities by facilitating freight movement between local, national, and international markets. The state's \$140 million is anticipated to be matched five to one, for a total transportation investment nearing \$600 million.

Regional Partnerships

HB 2157 legislation creates Regional Transportation Improvement Authorities (RTIAs) to replace Regional Transportation Improve Districts (RTIDs). RTIAs will have broader authority to select projects and funding sources that meet the region's needs. It requires the Puget Sound Regional Council, the region's planning authority, to help develop the plan for the ballot. Finally, it establishes a Regional Transportation Governance Commission to make recommendations to the 2006 legislature on how to streamline future transportation planning and investment decisions.

Other Regional Transportation Funding

SB 5177 gives cities and counties throughout the state the opportunity to raise money locally to improve their transportation systems. It allows cities and counties to propose transportation improvement districts to fund projects on highways of statewide significance or local roads and streets. The House amended the bill to give local government the tools they need to design a ballot measure that reflects local transportation needs and preferences, including multi-modal solutions, so long as they reduce facility risk, improve safety, improve travel time and capacity, and optimize system performance.

COMPENSATION AND PERSONNEL ADJUSTMENTS

Cost-of Living Adjustments

The House transportation budget provides a 3.2 percent increase on July 1, 2005 and a 1.6 percent increase on July 1, 2006 for employees subject to the new collective bargaining agreement. Other employees are provided a 3.2 percent increase on September 1, 2005 and a 1.6 percent increase on September 1, 2006. The budget also provides an additional 3.4 percent increase to Washington State Patrol troopers on July 1, 2006 for salary equalization.

Funding for State Employee Health Benefits

Increases for represented employees in the House transportation budget comply with the collective bargaining agreements reached by the Governor's Office of Labor Relations and the unions. The amount paid by agencies increases from \$484.58 per employee per month in fiscal year 2006 to \$663.00 per employee per month in fiscal year 2006. In fiscal year 2007, the employer contribution rate per represented employee is \$744 per month, and the employer rate per non-represented employee is \$618 per month.

Pension Adjustments

The House transportation budget reflects changes to pension funding laws. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. Employer contributions towards amortizing the Unfunded Accrued Actuarial Liabilities in PERS are phased-in.

Salary Survey

Funding is provided for salary increases for job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey.

Middle Management Adjustments

The House transportation budget assumes the proportional reduction in middle management as proposed by Governor Gregoire.

REVENUE PACKAGE

The House transportation budget raises \$8.8 billion in new revenue through a proposed 9.5 cent fuel tax increase phased in over four years: 3 cents on July 1, 2005, three cents on July 1, 2006, two cents on July 1, 2007, and 1.5 cents on July 1, 2008.

The House plan uses \$5.1 billion in bonds to be paid back with the increased fuel tax.

The revenue plan also contains a vehicle weight fee on cars, light trucks, SUVs, and motor homes. The vast majority of passenger vehicles (about 85%) will pay an additional \$5 per year collected at the time of licensing. This fee will increase to \$10 in 2008, and finally to \$15 in 2010. The majority of light trucks (under 10,000 pounds) will pay an additional \$15, increasing to \$25 in 2010. Motor homes will pay a flat rate fee of \$75.

Other vehicle and driver fees are adjusted in order to bring them into alignment with the cost of the service provided (see page 9), while the licensing fee for small trailers is reduced from \$30 to \$15 a year.

Transportation Revenue Proposal

(\$s in Millions)

<u>Sources of Funding</u>	<u>16 Year Total</u>
9.5¢ gas tax increase (3¢ 7/1/05 ,3¢ 7/1/06, 2¢ 7/1/07, 1.5¢ 7/1/08)	\$5,545
Bond Proceeds	\$5,100
Vehicle Weight Fee (\$5 to \$25 per vehicle, not restricted) Applies to Passenger Cars	\$1,168
Light Trucks under 10,000 lbs. (\$5 to \$25 annually)	\$429
Motorhomes (\$75 annual fee)	\$130
Various Drivers License & License Plate Fees	\$405
Interest Income	\$38
	<u>\$12,815</u>
<u>Uses of Funding</u>	
Debt Service	\$3,792
Alaskan Way Viaduct	\$2,300
SR 520 Bridge	\$1,500
Seismic Retrofit Bridges	\$87
Bridge Replacements	\$340
Concrete Replacement	\$200
Safety Projects	\$422
Ferries	\$185
Environmental	\$112
Local Government Distribution (1¢ distributed)	\$602
Local Freight Mobility Projects	\$121
Local Grant Programs	\$80
State Freight Mobility	\$462
Multi-Modal Improvements	\$835
Congestion Relief Projects	\$1,659
Total Uses of Funding	<u>\$12,696</u>

Estimated Economic Impact of 2005 Transportation Proposal

Estimated Sales Tax Revenue Generated

	2005-07	2007-09	2009-11	2011-13	2013-15	10 Year Total
State Sales Tax Revenue	\$11,896,154	\$38,834,299	\$64,258,983	\$68,207,728	\$55,488,302	\$238,685,466
Local Sales Tax Revenue	<u>\$3,477,338</u>	<u>\$11,351,565</u>	<u>\$18,783,396</u>	<u>\$19,937,644</u>	<u>\$16,219,658</u>	<u>\$69,769,601</u>
Total Sales Tax Revenue	\$15,373,492	\$50,185,864	\$83,042,379	\$88,145,372	\$71,707,960	\$308,455,067

Assumptions:

Statewide average sales tax of 8.4%

Licensing Fees

Vehicle Services

Fee	Current Amount	Proposed Amount	Agency Cost
Reflectorized Plate Fee (single plate) Fee for reflectorized coating on vehicle license plates.	\$0.50	\$2.00	\$1.16
Reflectorized Plate Fee (plate set) Fee for reflectorized coating on vehicle license plates.	\$2.00	\$4.00	\$3.36
Replacement Plates Fee to replace license plates when lost, damaged, or required per seven year replacement cycle.	\$3.00	\$10.00	\$7.09
Small Trailers License fee for small personal trailers (under 2,000 lbs.).	\$30.00	\$15.00	

Driver Services

Fee	Current Amount	Proposed Amount	Agency Cost
Original License Application Driver license examination fee.	\$10.00	\$20.00	\$15.15
Identicards Fee for ID card issued to non-drivers.	\$15.00	\$20.00	\$18.54
Driver Permit Fee for a driver instruction permit.	\$15.00	\$20.00	\$28.08
Agricultural Permits Permit fee to drive a vehicle on public roads in connection with farm work.	\$15.00	\$20.00	\$23.26
License Reinstatement Fee to have a drivers license reinstated after suspension or revocation.	\$20.00	\$75.00	\$70.27
DUI Hearings Fee for a hearing regarding an alleged DUI.	\$100.00	\$200.00	\$283.07
Commercial Driver License Fee for a commercial driver license (valid for five years).	\$20.00	\$30.00	\$34.15
Commercial Driver License Renewal Fee to renew a commercial driver license (five years).	\$20.00	\$30.00	\$14.98

Transportation Taxes and Fees (HB 2312)

Examples of Cost to Driver - 2005 Proposed Fuel Tax Increase

Annual Cost from 9.5¢ Gas Tax Increase										
		Miles Traveled Per Year								
		8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000
Miles Per Gallon	8	\$95	\$119	\$143	\$166	\$190	\$214	\$238	\$261	\$285
	10	\$76	\$95	\$114	\$133	\$152	\$171	\$190	\$209	\$228
	12	\$63	\$79	\$95	\$111	\$127	\$143	\$158	\$174	\$190
	14	\$54	\$68	\$81	\$95	\$109	\$122	\$136	\$149	\$163
	16	\$48	\$59	\$71	\$83	\$95	\$107	\$119	\$131	\$143
	18	\$42	\$53	\$63	\$74	\$84	\$95	\$106	\$116	\$127
	20	\$38	\$48	\$57	\$67	\$76	\$86	\$95	\$105	\$114
	22	\$35	\$43	\$52	\$60	\$69	\$78	\$86	\$95	\$104
	24	\$32	\$40	\$48	\$55	\$63	\$71	\$79	\$87	\$95
	26	\$29	\$37	\$44	\$51	\$58	\$66	\$73	\$80	\$88
	28	\$27	\$34	\$41	\$48	\$54	\$61	\$68	\$75	\$81
	30	\$25	\$32	\$38	\$44	\$51	\$57	\$63	\$70	\$76
	32	\$24	\$30	\$36	\$42	\$48	\$53	\$59	\$65	\$71
	34	\$22	\$28	\$34	\$39	\$45	\$50	\$56	\$61	\$67
	36	\$21	\$26	\$32	\$37	\$42	\$48	\$53	\$58	\$63
	38	\$20	\$25	\$30	\$35	\$40	\$45	\$50	\$55	\$60
40	\$19	\$24	\$29	\$33	\$38	\$43	\$48	\$52	\$57	

Monthly Cost from 9.5¢ Gas Tax Increase										
		Miles Traveled Per Year								
		8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000
Miles Per Gallon	8	\$7.92	\$9.90	\$11.88	\$13.85	\$15.83	\$17.81	\$19.79	\$21.77	\$23.75
	10	\$6.33	\$7.92	\$9.50	\$11.08	\$12.67	\$14.25	\$15.83	\$17.42	\$19.00
	12	\$5.28	\$6.60	\$7.92	\$9.24	\$10.56	\$11.88	\$13.19	\$14.51	\$15.83
	14	\$4.52	\$5.65	\$6.79	\$7.92	\$9.05	\$10.18	\$11.31	\$12.44	\$13.57
	16	\$3.96	\$4.95	\$5.94	\$6.93	\$7.92	\$8.91	\$9.90	\$10.89	\$11.88
	18	\$3.52	\$4.40	\$5.28	\$6.16	\$7.04	\$7.92	\$8.80	\$9.68	\$10.56
	20	\$3.17	\$3.96	\$4.75	\$5.54	\$6.33	\$7.13	\$7.92	\$8.71	\$9.50
	22	\$2.88	\$3.60	\$4.32	\$5.04	\$5.76	\$6.48	\$7.20	\$7.92	\$8.64
	24	\$2.64	\$3.30	\$3.96	\$4.62	\$5.28	\$5.94	\$6.60	\$7.26	\$7.92
	26	\$2.44	\$3.04	\$3.65	\$4.26	\$4.87	\$5.48	\$6.09	\$6.70	\$7.31
	28	\$2.26	\$2.83	\$3.39	\$3.96	\$4.52	\$5.09	\$5.65	\$6.22	\$6.79
	30	\$2.11	\$2.64	\$3.17	\$3.69	\$4.22	\$4.75	\$5.28	\$5.81	\$6.33
	32	\$1.98	\$2.47	\$2.97	\$3.46	\$3.96	\$4.45	\$4.95	\$5.44	\$5.94
	34	\$1.86	\$2.33	\$2.79	\$3.26	\$3.73	\$4.19	\$4.66	\$5.12	\$5.59
	36	\$1.76	\$2.20	\$2.64	\$3.08	\$3.52	\$3.96	\$4.40	\$4.84	\$5.28
	38	\$1.67	\$2.08	\$2.50	\$2.92	\$3.33	\$3.75	\$4.17	\$4.58	\$5.00
40	\$1.58	\$1.98	\$2.38	\$2.77	\$3.17	\$3.56	\$3.96	\$4.35	\$4.75	

Examples of Motor Vehicles Subject to the Vehicle Weight Fee

Starting January 1, 2006 with subsequent \$5 increases on January 1, 2008 and January 1, 2010

84% of Washington's passenger automobiles are under 4,000 pounds

<u>Under 4,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>	<u>Weight</u>
January 1, 2006	\$5	Chevrolet Cavalier	2,838
January 1, 2008	\$10	Mazda 626	2,840
January 1, 2010	\$15	Subaru Legacy	2,898
		Ford Taurus	3,285
		Volvo 90-Series	3,547
		Lexus	3,590
		Jeep Grand Cherokee	3,900

15% of Washington's passenger automobiles are between 4,000 and 6,000 pounds

<u>Under 6,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>	<u>Weight</u>
January 1, 2006	\$15	Lincoln Town Car	4,020
January 1, 2008	\$20	BMW 700	4,255
January 1, 2010	\$25	Buick Roadmaster	4,563
		Mercedes CL Coupe	4,798
		Ford Expedition	5,275
		Lincoln Navigator	5,350

1% of Washington's passenger automobiles are between 6,000 and 8,000 pounds

<u>Under 8,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>	<u>Weight</u>
January 1, 2006	\$25	Ford E-350 Super Club Wagon	6,030
January 1, 2008	\$30	GMC G20 Extended Passenger Van	6,045
January 1, 2010	\$35	GMC G30 Extended Passenger Van	6,204
		Hummer	7,213

Examples of Trucks Subject to the Vehicle Gross Weight Fee

Starting January 1, 2006 with subsequent \$5 increases on January 1, 2008 and January 1, 2010

18% of Washington's small trucks are licensed for under 4,000 pounds gross vehicle weight

<u>Under 4,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>
January 1, 2006	\$5	Ford Ranger Pickup
January 1, 2008	\$10	Mazda Pickup
January 1, 2010	\$15	Nissan Pickup Isuzu Pickup

50% of Washington's small trucks are licensed for under 6,000 pounds gross vehicle weight

<u>Under 6,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>
January 1, 2006	\$15	Chevrolet 1/2 Ton Extended Cab
January 1, 2008	\$20	Toyota Pickup
January 1, 2010	\$25	Ford 1/2 Ton Extended Cab Dodge 1/2 Ton Pickup

24% of Washington's small trucks are licensed for under 8,000 pounds gross vehicle weight

<u>Under 8,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>
January 1, 2006	\$25	GMC 3/4 Ton 4x4 Extra Cab
January 1, 2008	\$30	Ford 3/4 Ton Crew Cab
January 1, 2010	\$35	Dodge 3/4 Ton Extra Cab Chevrolet 3/4 Ton 4x4 Extended Cab

8% of Washington's small trucks are licensed for under 10,000 pounds gross vehicle weight

<u>Under 10,000 Pounds</u>	<u>Fee Increase</u>	<u>Examples of Vehicles</u>
January 1, 2006	\$0	Ford, Chevrolet, and Dodge 1 Ton Crew Cab Dually 4x4
January 1, 2008	\$5	
January 1, 2010	\$10	