



BRIEFLY

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House Republicans and Democrats Offer Competing Transportation Plans

Patching the potholes created by I-695 in the state's transportation funding plans is one of the major challenges of the current legislative session. With the House divided evenly between Republicans and Democrats, the leaderships of both parties have presented transportation budgets. The House gets the first crack at crafting spending bills this session.

TABLE 1

Supplementary Transportation Revenues

	1999-2001 Biennium		Three Biennia 1999-2005	
	House Republicans' Plan	House Democrats' Plan	House Republicans' Plan	House Democrats' Plan
Cash Balances and Fund Transfers	73	73	124	124
PSRC Funding (Freight Mobility Projects)	36	36	36	36
Car Rental Sales Tax ¹	33	33	144	144
Sales Tax Transfer ¹	104	-	569	-
Bonding				
R-49 Projects	160	100	1,300	200
TIB Projects	30	30	100	100
Transit (from GF)	100	130	100	130
Emergency Reserve Transfer	-	120	-	120
Sales Tax Credit for Transportation ²	-	30	-	215
Sound Transit Sales Tax Credit ³	-	30	-	176
Total Revenues	536	582	2,373	1,245

¹ continues beyond 2001

² Sunsets in 2005

³ Sunsets in 2006; total revenue through 2006 is \$214 million.

Source: House Transportation Committee

Getting a handle on transportation budgeting is a bit more difficult than usual this year. Transportation is funded for the most part by dedicated revenues, outside of the general fund. Traditionally, the House Appropriations Committee, which oversees the general fund budget, has had little say on transportation matters. This year, however, because many legislators want to use general fund monies to mitigate the impact of I-695 on transportation, the Appropriations Committee is playing a significant role.

Revenues: The revenues for the competing House supplemental transportation plans are shown in Table 1. The first two columns show revenues for the remainder of this biennium. The final two columns look out an additional two biennia, through FY 2005.

For the current biennium, the Democrats' plan adds a bit more revenue for transportation than does the Republicans' plan. Over the full 3 biennia, however, it is the Republicans' plan that provides the greater boost in funding specifically:

Both plans find \$73 million for the existing biennium and \$124 million over three biennia from cash balances and transfers among the various state transportation funds. Both plans count on \$36 million in federal funds allocated



to the Puget Sound Regional Council that the PSRC has indicated it will make available to fund freight mobility projects that the state had been slated to fund pre I-695. And both plans include \$33 million in the current biennium and \$144 million through FY 2005 from the car rental sales tax.

The Republicans' plan transfers state sales tax receipts on motor vehicle-related transactions (including the purchases of new and used cars) out of the general fund and dedicates them to transportation uses. This would provide \$104 million in the current biennium and \$569 million through FY 2005.

The car rental tax (in the case of both plans) and the sales tax receipts on motor vehicle-related purchases (in the case of the Republicans' plan) are continuing revenue streams that could be used to service bonds.

Both plans do issue bonds; the Republicans' plan, however, provides for far more bond financing than the Democrats' plan, \$1.4 billion through FY 2005 vs. \$300 million. In both cases \$100 million in bonds will fund projects selected by the Transportation Improvement Board, while the remaining bonds fund projects that would have been funded with MVET-backed bonds under R-49.

Both plans would provide money from the general fund to local transit districts for the current biennium, though the Democrats' plan provides a bit more than does the Republicans' (\$130 million vs. \$100 million).

The Democrats' plan provides funding increments that skirt the I-601 spending limit in three ways. First is the \$120 million transferred out of the emergency reserve. Of this, \$107 million goes to ferries and transportation programs, and \$13 million goes to rail programs.

Second is a local option sales tax that would be credited against the state tax so that taxpayers would see no net increase. The proceeds would be used to pay for local transportation improvements, and the tax would sunset after five years. This would provide \$215 million through FY 2005.

Third is a local option sales tax for Sound Transit that would be credited against the state sales tax so that local taxpayers would see no net increase. This tax would sunset after 6 years and provide Sound Transit with \$214 million through 2006.

(For a discussion of transfers, tax credits, and the I-601 spending limit see ePB 00-12 *House Democrats Present Budget: Spending Up, 601 Challenged* and PB 00-1 *Fiscal Proposals Threaten Spending Limit.*)

Expenditures: Table 2 compares the expenditures under the two

TABLE 2

	1999-2001 Biennium		Three Biennia 1999-2005	
	House Republicans' Plan	House Democrats' Plan	House Republicans' Plan	House Democrats' Plan
	Road Projects¹	384	345	1,826
Ferries				
Operations	20	10	100	10
Capital ¹		17		17
Total Ferries	20	27	100	27
Transit				
Transit Liability	50	50	50	50
Distribution	50	80	50	80
Sound Transit Sales Tax Credit	-	30	-	176
Total Transit	100	160	100	306
Rail	33	46	144	157
Debt Service on the Bonds	-	-	203	55
Total Expenditures	537	578	2,373	1,245

¹ In the Republicans' plan ferry capital expenditures are included in the totals for road projects.
Source: House Transportation Committee



supplemental plans. Because of its greater use of bonds, the Republicans' plan supports a higher level of transportation expenditures through FY 2005 than does the Democrats' plan. Nevertheless, the Democrats' plan provides more funding for transit than the Republicans' plan (primarily for Sound Transit).

The Republicans' plan provides \$384 million for road projects in the current biennium and \$1,825 million through FY 2005. Correspondingly, the Democrats' plan provides \$345 million and \$700 million.

The Republicans' plan dedicates \$20 million per year of motor vehicle related sales taxes to ferry operating expenses. The Democrats' plan provides \$10 million in operating support for the current biennium and nothing thereafter. The Democrats' plan also provides \$17 million for ferry capital. The Republicans' plan does not provide an explicit figure for ferry capital, although some funds allocated to road projects will be used for ferries.

Both plans provide \$50 million to cover the state's liability to the local transit agencies for MVET funds that were collected prior to the passage of R-49 and have been sitting since then in the general fund reserve. The Republicans' plan provides an additional \$50 million in the current biennium; the Democrats' plan \$80 million. The Democrats' plan provides \$176 million through FY 2005 for Sound Transit.

The Republicans' plan provides \$144 million for rail programs through FY 2005; the Democrats' plan, \$157 million.

The Republicans' plan requires \$203 million for debt service; the Democrats' plan \$55 million.

Discussion: Neither plan represents a permanent solution to the state's transportation funding problem.

Because of their willingness to fund transportation investments with bonds, the Republicans' plan goes much farther in restoring the R-49 program of transportation investments than does the Democrats' plan.

The Democrats' plan rests heavily on gimmicks that evade the I-601 limit on general fund spending.

Both plans provide only one year of relief for local transit agencies. Incongruously, the Democrats' plan provides far more money to Sound Transit, which lost no funding to I-695, than to the local transit agencies that did lose MVET funds.

