Senate Passes Skinny Transportation Budget

To little applause but with considerable (albeit reluctant) bipartisan support, the Senate passed a transportation budget that generally relies on existing revenues and maintains existing congestion. ESSB 5327 passed the Senate March 23, on a 44-2 vote. It might best be considered a demonstration budget – demonstrating how little can be done without new taxes or fees.

The combined capital and operation budget amounts to about $3.4 billion for the two-year biennium. About 80 percent of the total goes to the department of transportation, as shown in Figure 1.

An expanded transportation budget is anticipated in the next couple of weeks. Lawmakers are working with the governor’s office, attempting to craft a package that can win the support of the both parties and the approval of the voters should the plan end up on a fall ballot. Nonetheless, it makes sense to briefly review the highlights of the so-called “Living Within Our Means” budget.

**Revenues.** As discussed earlier, in ePB 01-6, Governor’s Transportation Budget Reflects Blue Ribbon Recommendations, transportation revenues for the biennium continue the three biennia decline, reflecting both the effect of Initiative 695 and stagnation in gas tax revenues. To offset this decline, the Senate makes a number of transfers and fee increases.

The Senate proposes ongoing transfers of interest earnings – about $70 million a biennium – from the Emergency Reserve Account to the Multimodal Transportation Account. Also, $40 million in ongoing biennial funds are transferred from the general fund to the Puget Sound Ferry Operations Account.

In addition, the Senate anticipates nearly $40 million in additional revenue from the fee increase imposed by I-695 (in repealing the MVET, the initiative set the license fee slightly higher than previously authorized). The additional dollars are permanently redirected from the State Patrol to the Motor Vehicle Account. Ferry fares are projected to increase $30 million a biennium as a result of planned fare hikes. An additional $13 million is expected from reimposition of trailer fees and increased rebuild inspection fees, approved in separate legislation correcting an oversight in last year’s legislative repeal of the MVET and imposition of a $30 license fee.

**Expenses.** As might be expected, the budget provides little in new spending, basically sustaining current programs. For example, consider the nearly $1.8 billion in state highway spending.

About $876 million is targeted for highway improvements: $500 million is set aside for capacity improvements, including $110 million HOV lanes; $153 million for safety; $157 million for economic initiatives; and $19 million for environmental projects.
Highway preservation efforts would receive about $588 million, including $32.6 million for emergency earthquake repairs.

And $333 million is provided for highway maintenance and operations.

The state ferry system will receive $510 million: $321 for operations on existing auto ferry routes and $189 million for vessel and terminal preservation. Passenger-only ferry service from Bremerton and Vashon Island to Seattle would continue, funded in part by the ferry fare increases.

Comment. Against the backdrop of the need to boost transportation spending by at least $9 billion over the next six years, the current law budget is clearly inadequate, as nearly all observers agree. Given the testimony at the Senate Transportation Committee hearing on the “bare bones” approach (i.e., no new revenues), the budget could be called a “kick me” budget.

The Senate also responded to calls for reorganization of the Transportation Department by adopting SB 5755, which makes the secretary of transportation a gubernatorial appointee, subject to Senate confirmation. The bill also creates the Transportation Funding Board, replacing the Transportation Improvement Board, Freight Mobility Strategic Investment Board, and absorbing some responsibility of the County Road Administration Board. Finally, a Legislative Transportation Accountability Program is created to strengthen legislative oversight of the integrated statewide transportation system.