

# WASHINGTON STATE INNOVATIVE FUNDING & FINANCE APPROACHES

Pacific Northwest Economic Region  
Annual Summit  
Calgary, Alberta



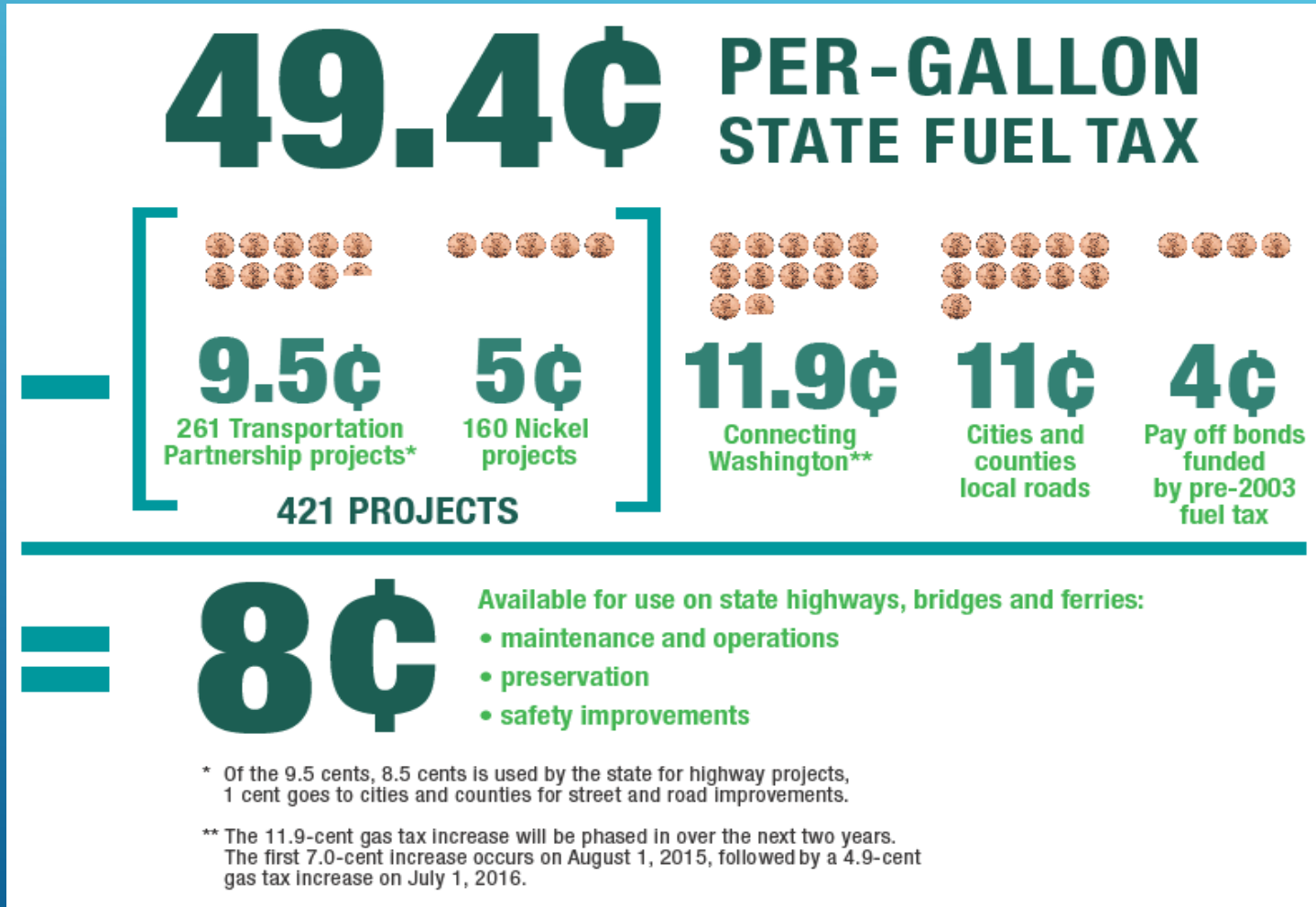
# BRIDGING THE FUNDING GAP TAKES LEADERSHIP

Washington State's Legislature has raised the gas tax three times in the last 13 years, raising billions of dollars for transportation infrastructure:

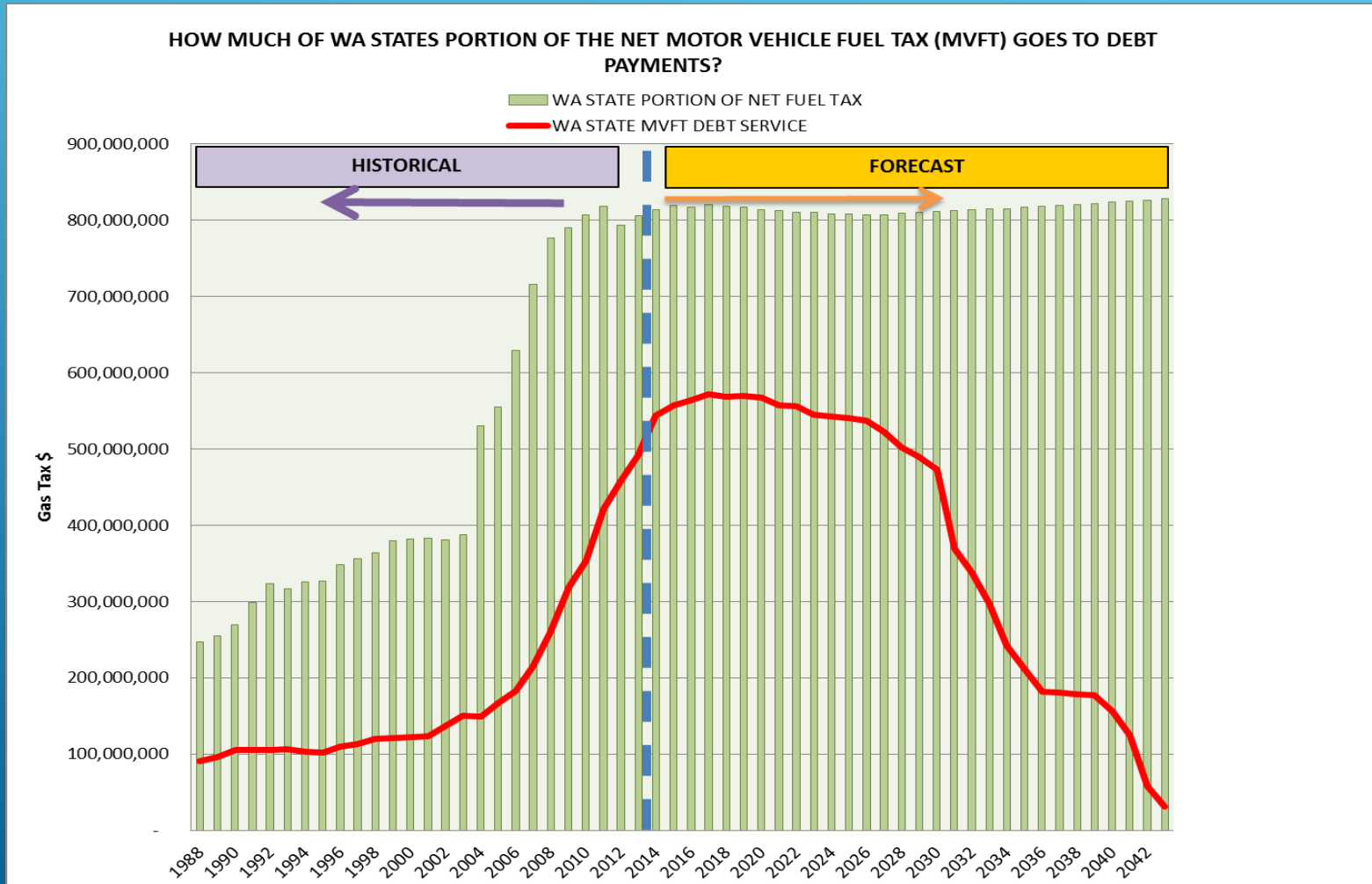
- ▶ 2003: 5 cents / gallon
- ▶ 2005: 9.5 cents / gallon
- ▶ 2015: 11.9 cents / gallon



# WASHINGTON STATE GAS TAX BREAKDOWN



# OVER THE NEXT 13 YEARS, APPROXIMATELY 70% OF WASHINGTON STATE'S CURRENT NET PORTION OF FUEL TAX REVENUE IS OBLIGATED TO PAY FOR THE LONG-TERM DEBT ASSOCIATED WITH FINANCING PAST TRANSPORTATION PROJECTS



NOTE: this information reflects debt obligations prior to the 2015 revenue package

# THE LOOMING REVENUE REALITY

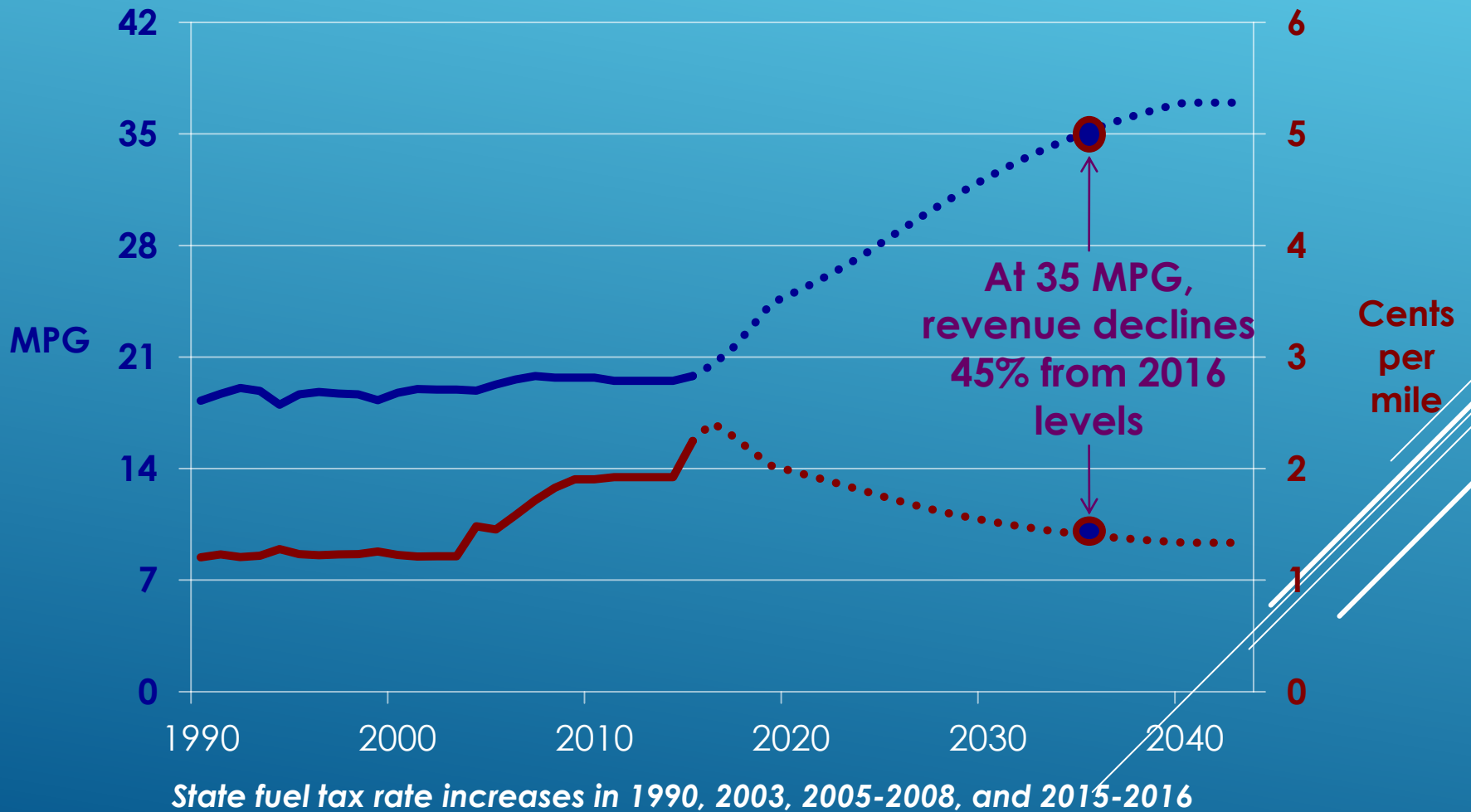
## VEHICLE FUEL EFFICIENCY BAR CONTINUES TO RISE

- Current Federal CAFÉ Standards:  
**54.5 MPG by 2025**
- The Federal Energy Information Administration conservatively predicts:
  - All **NEW** cars in 2040 = **48 MPG**
  - All cars (**new and old**) in 2040 = **37 MPG**
- Washington State's Current Average MPG = **19.5 MPG**



# IMPROVING VEHICLE MPG THREATENS OUR GAS TAX REVENUES

## WASHINGTON STATE'S GAS TAX REVENUE OUTLOOK



# THE ROAD USAGE CHARGE EMERGES

## WASHINGTON STATE ASSESSING TO REPLACE GAS TAX

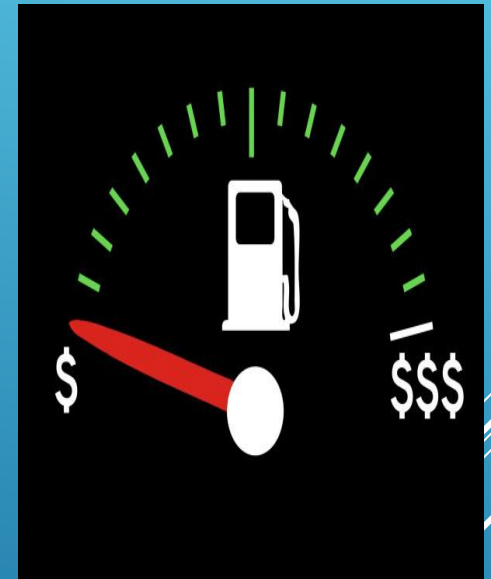
A road usage charge is a per mile charge drivers would pay for the use of the roads, rather than paying for them by the gallon of gas.

Identified as a viable future funding source in need of further exploration.



# WHY NOT JUST RAISE THE GAS TAX ANYWAY?

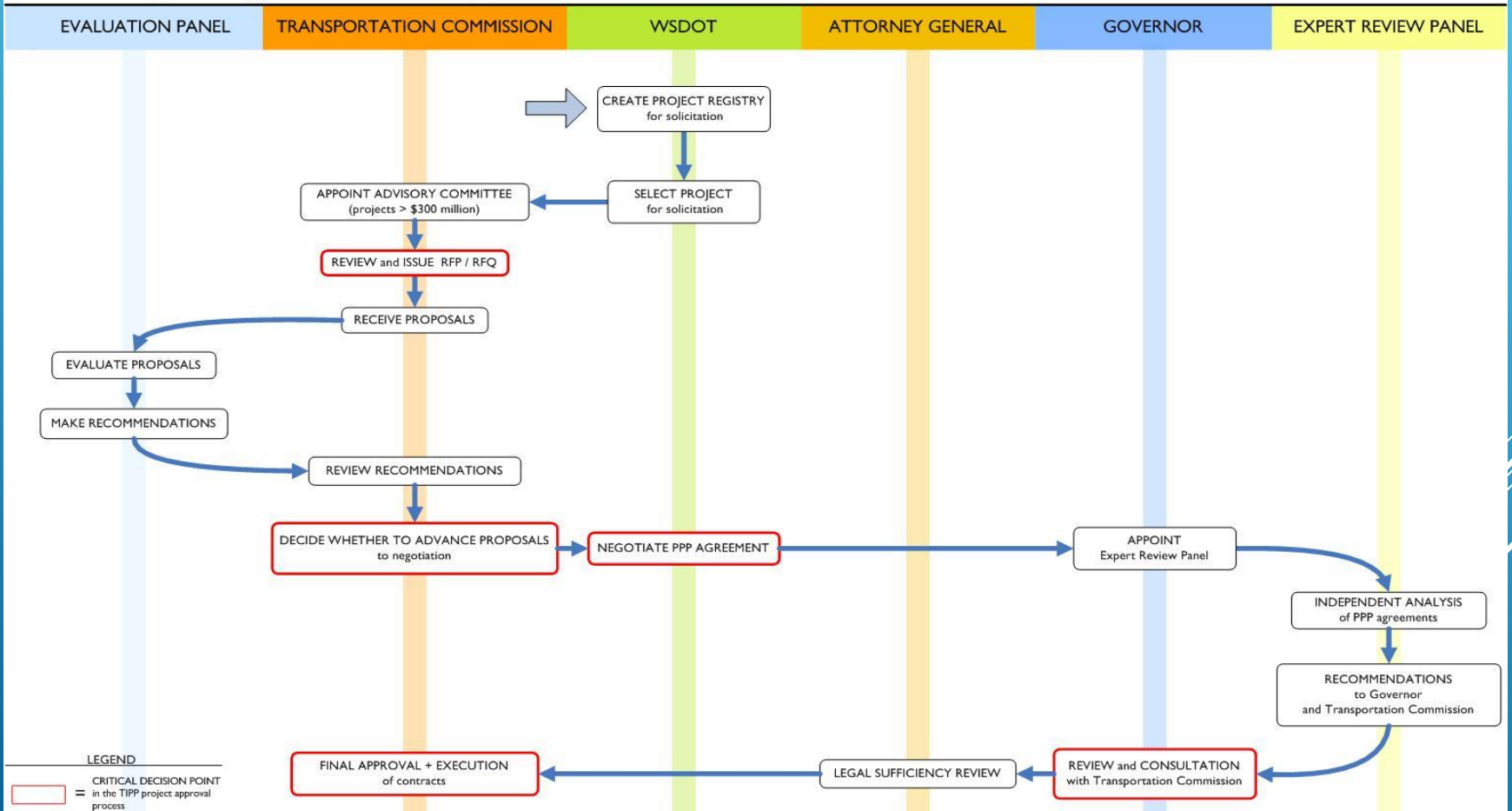
- **The fuel tax would have to be raised about 1.5 cents per gallon, per year on all vehicles from 2019-2043** in order to equal net revenues from a road usage charge of 2.5 cents per mile *(equivalent per mile cost of current gas tax based upon average MPG in WA. Sate).*
- This estimation would not address growing needs for improvements or maintenance – it **would just keep funding at status quo levels.**





# PUBLIC/ PRIVATE PARTNERSHIPS WORK BUT WASHINGTON STATE HAS WORK TO DO

## TIPP Project Agreements: Approval Process



# THE FUTURE IS BRIGHT – BUT CHANGE IS A REQUIREMENT

- We must identify a sustainable, long-term funding source for transportation.
  - Perhaps it's a Road Usage Charge; perhaps something else; or likely a combination of several sources.
- Our toolbox of funding and finance approaches are plentiful, but we need strong leadership and foresight to utilize many of them.
  - PPP's
  - Vehicle licensing fees
  - Vehicle excise taxes
  - Weight fees, etc.
- Without sustainable revenue, our ability to actively partner and participate in possible private sector PPP financing agreements for transportation infrastructure will be limited at best. It takes revenue to leverage revenue.

# THANK YOU!

## CONTACT INFORMATION

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