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



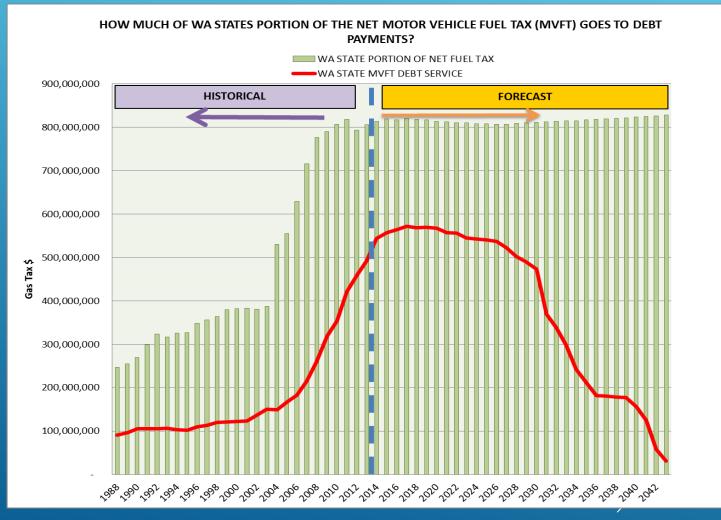
WASHINGTON STATE GAS TAX BREAKDOWN

	49.4¢ PER-GALLON STATE FUEL TAX				
		****	88388 8888 88	49999 36993 4	
	9.5¢ 261 Transportation Partnership projects* 421 PROJ	5¢ 160 Nickel projects ECTS	11.9¢ Connecting Washington**	11¢ Cities and counties local roads	4¢ Pay off bonds funded by pre-2003 fuel tax
Available for use on state highways, bridges and ferries: • maintenance and operations • preservation					

- * Of the 9.5 cents, 8.5 cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements.
- ** The 11.9-cent gas tax increase will be phased in over the next two years. The first 7.0-cent increase occurs on August 1, 2015, followed by a 4.9-cent gas tax increase on July 1, 2016.

safety improvements

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



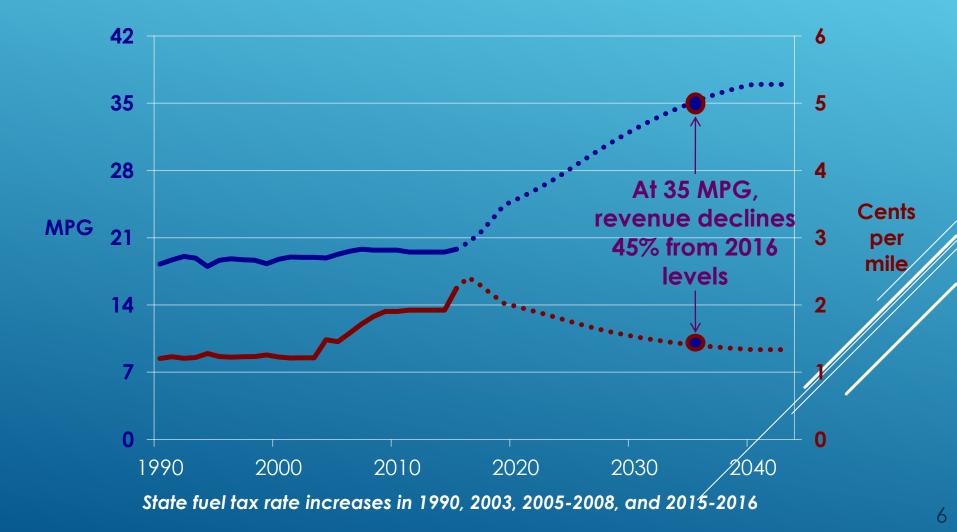
NOTE: this information reflects debt obligations prior to the 2015 revenue package

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.



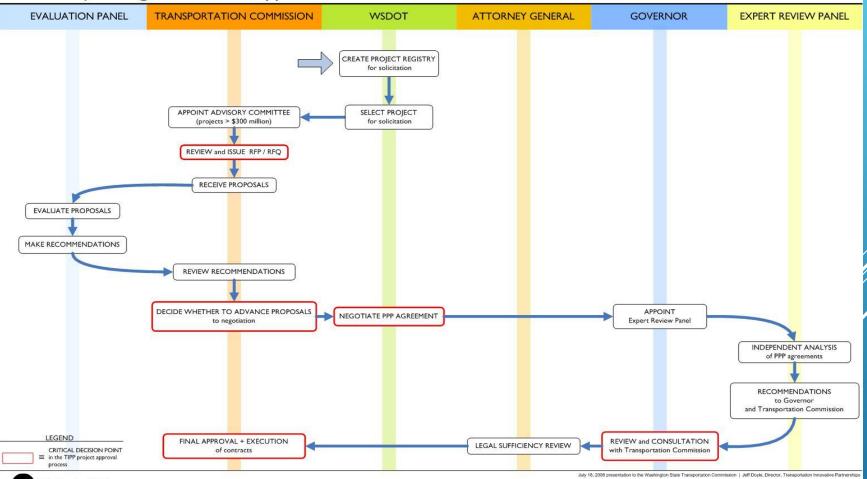
WHY NOT JUST RAISE THE GAS TAX ANYWAY?

- 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



Washington State Department of Transportation

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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