

APPENDIX B
TECHNICAL MEMORANDUM #2
TRANSPORTATION FUNDING

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PURPOSE

This appendix describes the transportation revenue sources and expenditures under the control of the Washington State Legislature. It should be noted that there are many transportation investments made at the federal, Tribal, and private level that are outside the scope of this plan.

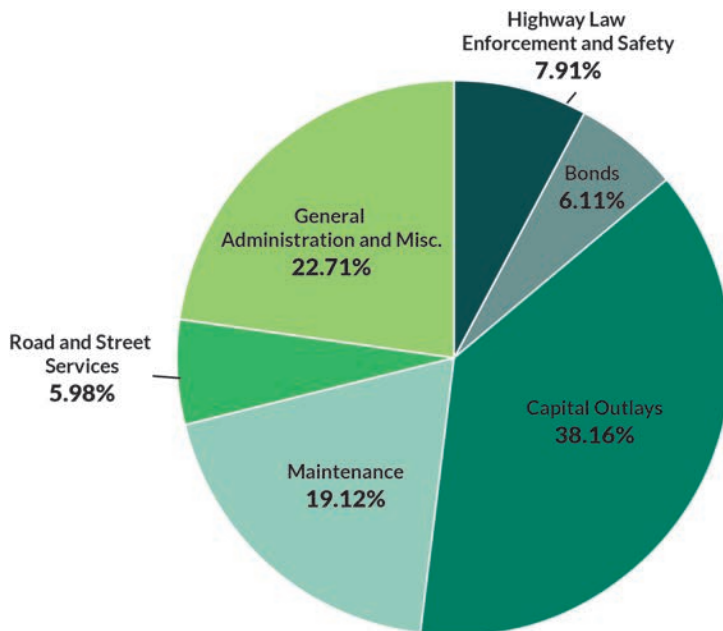
Transportation funding is often described as being restricted to silos. This means that funds come from different sources, or silos, and have very specific legal conditions for how, when, and where they can be spent and who can spend them. The legal conditions range from Washington State Constitution conditions for spending state fuel taxes to local ordinance conditions for spending local option taxes.

For more information see the [Joint Transportation Committee Transportation Resource Manual](#)¹ and the [Legislative Evaluation and Accountability Program Committee \(LEAP\)](#)².

SUMMARY OF TRANSPORTATION FUNDING SOURCES

Figure B-1 shows the five year average of the sources of transportation funds available for state and local transportation agencies. This chart is for illustrative purposes only.

Figure B-1: Average Annual Transportation Revenue Breakdown by Source (2011-2015)



Average Annual Expenses = \$2.61 billion

Source: WSDOT. Note: Percentages do not total 100 percent due to rounding. Sound Transit is not included in this chart. See page B18 for more information.

1 <http://leg.wa.gov/JTC/Pages/default.aspx>
 2 <http://leap.leg.wa.gov/>

Currently the state fuel tax is set by the legislature at 49.4 cents per gallon and generates approximately \$3 billion per biennium.

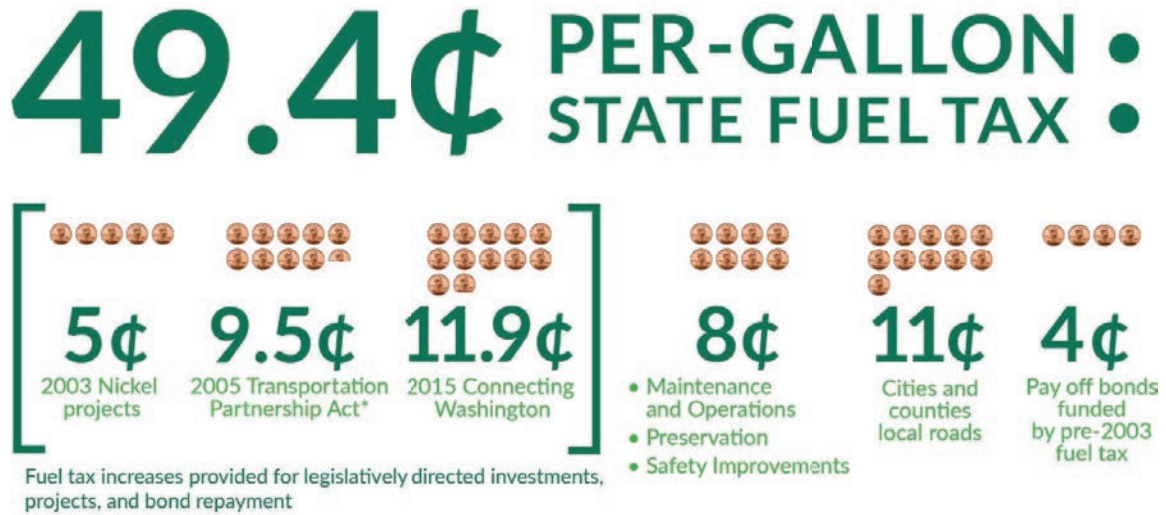
State 49.4 Cent Fuel Tax Breakdown

The state fuel tax is the single biggest source of transportation revenue for state and local governments. In the 2015-2017 biennium, state fuel taxes accounted for more than \$3 billion of the \$8.6 billion state transportation budget.

As Figure B-2 illustrates, the Washington State Legislature requires portions of this tax be spent for the particular purposes such as:

- 5 cents must be spent on the projects included in the Washington state legislation known as the 2003 Nickel Package. 5 cents will be sent to this account until all the construction bonds, including interest on the bonds, are paid.
- 9.5 cents must be spent on transportation projects included in the Washington State legislation known as the 2005 Transportation Partnership Act. 9.5 cents will be sent to this account until all the construction bonds, including interest on the bonds, are paid.
- 11.9 cents must be spent on the improvements contained in the Washington State legislation known as the 2015 Connecting Washington package. 11.9 cents will be sent to this account until all the construction bonds, including interest on the bonds, are paid.
- 11 cents must be spent by cities and counties on local roads, subject to local requirements. Some of this 11 cents is allocated directly to cities and counties and some is granted by state agencies.
 - 2.96 cents goes directly to cities.
 - 4.92 cents goes directly to counties.
 - 3.12 cents is distributed to counties or cities through grant programs administered by County Road Administration Board, Transportation Improvement Board, and the Freight Mobility Strategic Investment Board.
- 4 cents is spent to pay off just the bonds (and interest) funded before the 2003 Nickel projects.
- 8 cents to WSDOT to maintain, operate, preserve, and make safety improvements to the state highway and ferry systems.

Figure B-2: Gas and Special Fuel Tax Breakdown



Federal Sources

Federal transportation law (MAP-21, FAST Act, etc.):

- Determines the rates of federal transportation taxes and fees (how much money).
- Sets the distribution of federal funds among states and local agencies (who gets the money).
- Creates programs (e.g., for highways, transit, ferries, research, aviation) and establishes eligibility, criteria, budgets, and spending rules (what you can spend money on).
- Details safety and environmental regulations that guide the design, construction and operation of transportation projects receiving federal funds (the rules for spending).

Federal transportation funds are distributed back to states through formula programs and grants. Congress eliminated earmarks in 2011. WSDOT administers all federal highway transportation funds, subject to federal and state criteria, including funds that go to local agencies. WSDOT acts as a fiscal agent for the federal government, ensuring that local agencies comply with the multitude of federal transportation and environmental laws and regulations. MPOs/RTPOs and transit agencies make many local funding decisions, and directly receive the majority of federal transit funds. For federal aviation funding, WSDOT receives funding for projects at eligible state-owned airports while the majority of aviation funds in Washington go directly to eligible locally-owned airports.

Federal fuel taxes include:

- Gasoline: 18.4 cents per gallon.
- Diesel fuel: 24.4 cents per gallon.
- Special fuels: 18.4 cents per gallon.
- Gasohol (mixture of 90 percent gasoline and 10 percent ethanol): 18.44 cents per gallon.

Table B-1 below shows that for the last three years, Washington has received more from the Federal Highway Trust Fund than it has given via federal gas taxes.

Table B-1: Rate of Return for Washington from the Highway Trust Fund Highway Account, 2015-2017

Rate of Return Using Data Available at the Time of Appointment	Year			3 Year Total
	2015	2016	2017	
A. Washington apportionment received, fiscal years 2015-2017 (all programs)	\$666,496,655	\$697,345,000	\$775,274,336	\$2,139,115,991
	2013	2014	2015	
B. Washington contributions to the Highway Trust Fund, fiscal years 2013-2015 (based on FHWA Highway Statistics Table FE-9)	\$589,424,000	\$643,513,000	\$665,218,000	\$1,989,155,000
Rate of return using appointment-year data, fiscal years 2015-2017 (A÷B)	113.1%	108.4%	116.5%	112.7%

For more information on federal funding, see the Washington State Legislature, Joint Transportation Committee, Transportation Resource Manual at <http://leg.wa.gov/JTC/trm/Pages/TRM2017.aspx>.

JURISDICTION SUMMARIES

Tribes

Tribes receive transportation funding from:

- Fuel tax agreements – 24 tribes have agreements with the Washington State Department of Licensing to share portions of the state fuel tax sold at tribally-licensed retail stations³.
- Federal funding programs administered by the Bureau of Indian Affairs and the Federal Transit Administration.
- General purpose tribal revenue: funding derived from tribal general purpose funds vary by Tribe.

3 <http://www.dol.wa.gov/>

LOCAL GOVERNMENTS

Cities receive transportation funds from:

- 2.96 cents per gallon of the state motor vehicle fuel tax.
- Grants from the Transportation Improvement Board and the Freight Mobility Strategic Investment Board.
- Federal-aid programs.
- General-purpose local revenue sources, including local retail sales and use taxes, real and personal property taxes, local real estate excise taxes, other licenses, impact fees, and other fees and taxes.
- Transportation local option taxes:
 - Commercial parking tax.
 - Border area motor vehicle fuel tax (for cities along the Canadian border).
 - Portion of countywide local option motor vehicle fuel tax.
 - Business & occupation tax, residential excise tax, and sales & use tax (limited to public transportation system purposes).

Counties receive funds from:

- 4.92 cents per gallon of state motor fuel tax.
- Grants and distributions from County Road Administration Board.
- Grants from the Transportation Improvement Board and the Freight Mobility Strategic Investment Board.
- Federal-aid programs.
- County road levy (property tax).
- Transportation local option taxes:
 - Countywide motor vehicle fuel tax (10 percent of state fuel tax).
 - Commercial parking tax.
 - Local option taxes for high occupancy vehicle (HOV) lanes:
 - Motor Vehicle Excise Tax (MVET) or employer tax.
 - Eligible counties are King, Pierce, and Snohomish.

County ferry districts receive funds from:

- Annual ad valorem property tax levies of up to 75 cents per \$1,000 of assessed valuation (councilmanic) (RCW 36.54.130). The levy limit in King County is up to 7.5 cents per \$1,000 of assessed valuation.

- Voter-approved annual excess property tax levies (RCW 36.54.140).

Local improvement districts/Road improvement districts receive funds from:

- Special assessments on property taxes.

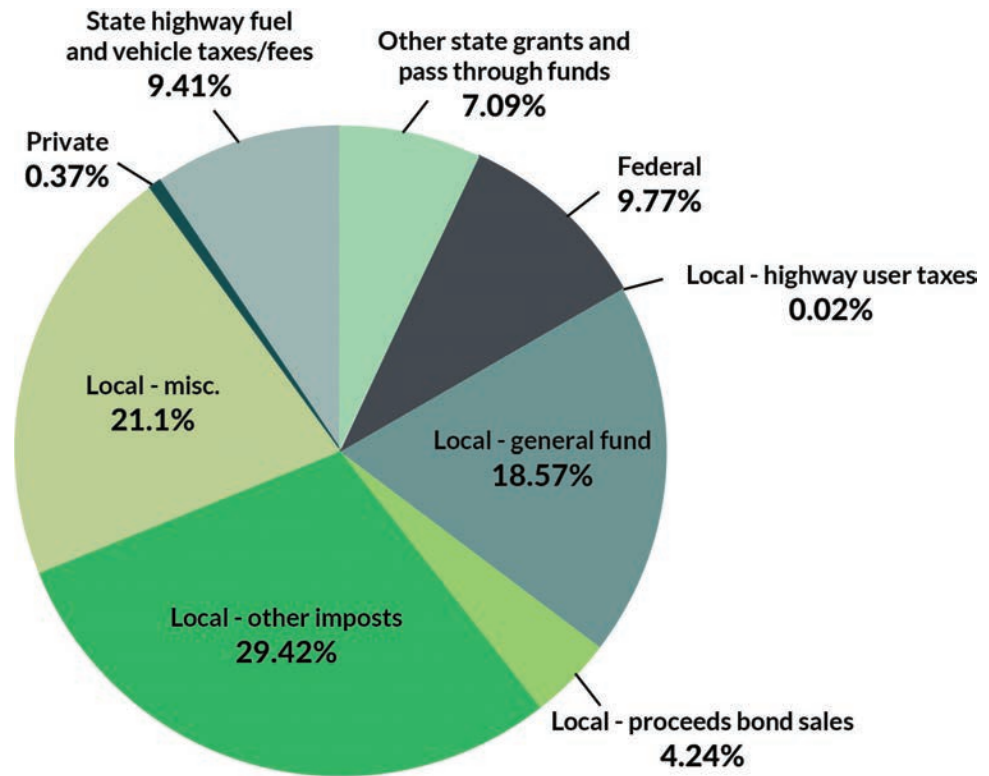
Ports receive funds from:

- User fees.
- Property lease and rental fees.
- Property tax levies.
- Interest income.
- Federal grants.
- Bond proceeds (general obligation and revenue).

Public transit systems receive funds from:

- Fares.
- Advertising revenues, contracts for services to colleges and universities.
- Federal operating grants.
- Local tax options:
 - Sales tax.
 - Business and Occupation (only the City of Pullman collects this tax).
 - Special authority for passenger only ferry service.
 - Property tax.
- High capacity taxes:
 - Sales and use tax.
 - MVET (Sound Transit only).
 - Sales tax on car rentals.
 - Employer tax.

Figure B-3: Local Governments Transportation Revenues by Source: Five-Year Average



Avg. Annual Local Revenue = \$2.61 billion

Note: The percentages do not add up to 100 percent due to rounding.

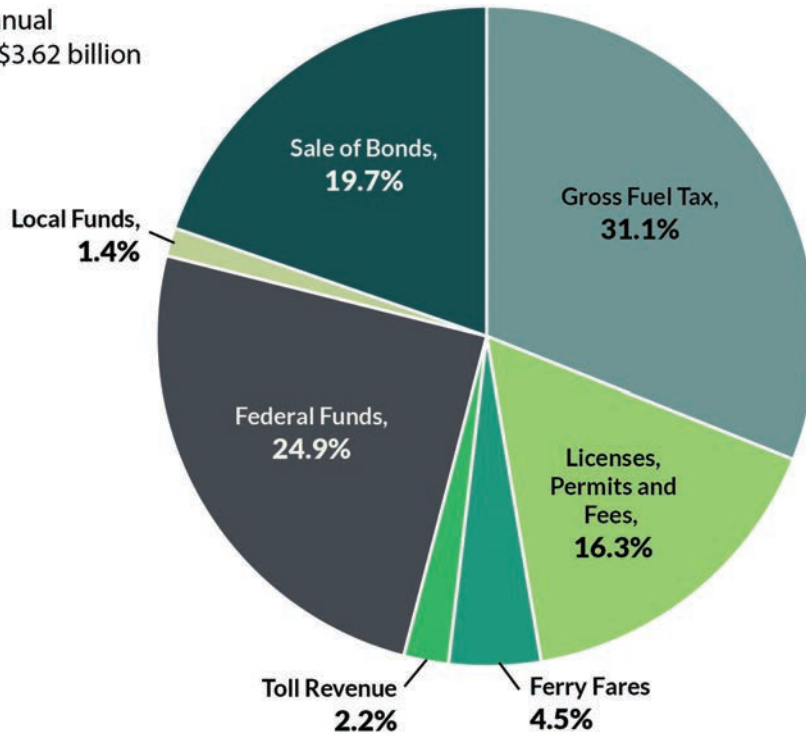
State Agencies

State agencies receive transportation funds from:

- State motor vehicle tax.
- Sale of bonds.
- Federal funds.
- Licenses, permits, and fees .
- Ferry fares.
- Tolls.

Figure B-4: State Transportation Revenue Sources: Five-Year Average (2011-2015)

Average Annual Revenue = \$3.62 billion



Note: The percentages do not add up to 100 percent due to rounding.

Regional Transit Authority

Sound Transit is the only regional transit authority. It receives funds from:

- Sales tax.
- Car rental tax.
- MVET.
- Employer tax.
- Fares.
- Property assessments.

TRANSPORTATION FUNDING BY MODE

How is active transportation funded?

The state Legislature has authorized some local governments (cities and counties) to access the following sources:

- Local option taxes (3.75 cents/gallon of state gas tax).

- Property tax road levy (county roads).
- Transit taxes (sales and/or utility).
- Commercial parking tax.

State agencies administer funds to the below-listed programs as follows:

- Transportation Improvement Board grants from state gas tax and other appropriated funds to administer the :
 - Sidewalk Program (urban and small city).
 - Arterial Preservation Program, which enhances arterial safety, support growth and development, improve mobility and physical condition.
 - Small City Preservation Program, which is for cities and towns with less than 5,000 residents and offers grants to reconstruct or maintain the transportation infrastructure.
 - Complete Streets Program, which is flexible money given to any city or county in Washington state that has an adopted complete streets ordinance and shows an ethic of planning and building streets that use context-sensitive solutions to accommodate all users, including pedestrians, transit users, cyclists, and motorists.
- WSDOT grants from gas tax and other appropriate funds to administer:
 - Safe Routes to Schools: Improves safety and mobility for children by enabling and encouraging them to walk and bicycle to school. Funding from this program is for projects within two-miles of primary, middle, and high schools.
 - Pedestrian and Bicycle Safety Program: Aids public agencies in funding cost-effective projects that improve bicycle and pedestrian improvements.
- Washington State Recreation and Conservation Office grants from non-gas tax funds to administer the:
 - Non-Highway and Off-Road Vehicle Program, which provides funding to develop and manage recreation opportunities for such activities as cross-country skiing, hiking, horseback riding, mountain bicycling, hunting, fishing, sightseeing, motorcycling, and riding all-terrain and four-wheel drive vehicles accessed via a non-highway road (public road that was not built or maintained with gasoline tax funding). The following are eligible to apply:
 - Local agencies.
 - Special purpose districts, such as park districts and port districts.
 - Native American tribes.
 - State agencies.
 - Federal agencies.

- Washington Wildlife and Recreation Program provides funding for:
 - Recreation and Conservation Office-administered program that provides funding for a broad range of land protection and outdoor recreation, including park acquisition and development, habitat conservation, farmland and forestland preservation, and construction of outdoor recreation facilities (which includes active transportation facilities).
- Washington Traffic Safety Commission invests state and federal funds to administer:
 - Annual Grants: Annually awarded for projects that address one of more of the top Target Zero priorities – which may include Active Transportation projects. The following are eligible to apply:
 - Washington state agencies.
 - Federally recognized tribal governments.
 - Cities, counties and their sub-agencies.
 - Non-profit organizations with existing IRS 501 C(3) status.
 - Public schools (and private schools with non-profit status).
 - School Zone Grants: To purchase crossing guard equipment and training, and school zone enforcement equipment.

How is the aviation system funded?

In this state, 64 of the 136 public-use airports are included on the National Plan of Integrated Airport Systems (NPIAS) and are eligible for federal and state grants. The rest are primarily small local and rural airports that rely on state, local, and private funding. Federal funds are used primarily for infrastructure improvements, while operating costs are funded through local airport fees. Additional funding is required to meet the basic maintenance needs of the system.

In fiscal year (FY) 2017 (July 2016 through June 2017) 30 projects at 32 airports were funded. WSDOT's leveraged dollars are part of \$1.76 million in total state funds for the Airport Aid Grant Program. The state and federal funds, combined with nearly \$6.6 million in local matching contributions, amount to nearly \$60.6 million in total dollars for FY2017.

In FY2017, 43 percent (\$25.7 million) of the nearly \$60.6 million in federal, state and local aid investment dollars is slated for projects that preserve and improve airport pavement. Planning, property acquisition, maintenance, and security projects account for seven percent (\$4.0 million) of the combined grant dollars, with safety improvements accounting for the remaining 50 percent (\$29.9 million).

How is the public road system funded?

State highways and bridges in the state of Washington are generally funded through federal, state, and local funding sources.

Cities and counties have three large sources of revenue; property taxes, sales and use taxes and business and utility taxes. Counties use local sources, mainly the property tax, to fund their transportation infrastructure. Cities provide their own funding from local revenues for city-owned roads and bridges. Both the city and county local revenues are not directly related to transportation and therefore compete with other agenda items. The Revised Code of Washington (RCW), [47.24.010](#)⁴ states, “...in such city or town which are designated as forming a part of the route of any state highway; and all such streets, including curbs and gutters and street intersections and such bridges and wharves, shall thereafter be a part of the state highway system and as such shall be constructed and maintained by the department from any state funds available therefor.” Therefore, bridges that fall on a state route are maintained by the state highway system and not the city or county.

Washington state’s public roads relies heavily on the Motor Vehicle Fuel Tax as the main source of revenue at 53.3 percent in 2014. As the overall population is also expected to rise by 1.2 percent by FY 2027, the total consumption of vehicle fuel is also projected to steadily rise. The second greatest source of revenue is licenses, permits, and fees at 22.6 percent in 2014.

How are pipelines funded?

Private companies own, operate, and fund pipelines.

How is public transportation funded?

- Public transit agencies are primarily funded through voter-approved local taxes. In 2015, local taxes contributed \$1,790 million to public transit.
- In 2015, public transit agencies collected \$314.0 million in fare revenues. The majority of this revenue (\$255 million) was collected from users of fixed-route bus service.
- The 2015 average farebox recovery rate (the percent of annual operating costs recovered by passenger fares) for fixed-route service offered by public transit agencies was 26.2 percent.

4 <http://apps.leg.wa.gov/rcw/default.aspx?cite=47.24.010>

CONNECTING WASHINGTON HIGHLIGHTS

High-level funding highlights:

\$9.4 billion – State and local road projects

\$3 billion – Debt service and contingency

\$1.4 billion – State highway maintenance, operations and preservation

\$602 million – Fourth Olympic Class ferry, terminal construction and preservation

- In 2015, Washington public transit agencies received \$348 million in federal funds.
- During the 2015-17 biennium, the state transportation budget provided \$144,633,000 million in funds to public transit agencies, local jurisdictions, and public transportation providers through the Special Needs (\$41,250,000), Regional Mobility ([RCW 47.66.030](#)⁵) (\$74,976,000), Rural Mobility ([RCW 47.66.100](#)⁶) (\$20,438,000), Vanpool (\$6,969,000), and Transit Coordination grant programs (\$1,000,000).
- As described above, the Travel Washington Intercity Bus program is funded in part by the FTA. The FTA 5311 Non-Urban Program requires states to set-aside 15 percent of their federal transit apportionment to support intercity bus service. The federal grant funds require a 50 percent local match for operating assistance. WSDOT has been granted FTA authority to use the private investment in the intercity system (primarily from Greyhound) as the required match, and therefore is supporting the four Travel Washington routes with only federal funds.

How is freight rail funded?

Private sources fund Class I Railroads. Occasionally, the Class Is have partnered with the public sector on capital projects such as grade crossings.

Public sources for Class III include:

- Freight Rail Assistance Program.
- Freight Rail Investment Bank.

How is passenger rail service funded?

- Amtrak is a government owned corporation funded by the federal government and fare box recovery.
- Amtrak Cascades is funded by ticket sales and sponsorship by WSDOT and ODOT.
- Sounder is commuter rail service operated by a regional transit district located in portions of King, Snohomish, and Pierce counties. It is funded by sales and uses tax collected in the district; regional car tab tax (MVET) for vehicles registered in the district; regional property tax for properties located in the district; fares, and rental car sales tax for transactions in the district.

How is ferry service funded?

- FTA Passenger Ferry 2015-2016 Grant Program provides competitive grants for passenger ferry projects.⁷
- FHWA Ferry Boat Program under the FAST Act funds construction of ferry boats and terminal facilities.

5 <http://app.leg.wa.gov/RCW/default.aspx?cite=47.66.030>

6 <http://app.leg.wa.gov/RCW/default.aspx?cite=47.66.100>

7 Source: <https://www.transit.dot.gov/funding/grants/grant-programs/passenger-ferry-2015-16-grant-program-projects>

- County Ferry Districts:
 - Local option taxes (property tax).
 - Fares.
- Public Transportation Benefit Area:
 - Local option taxes (MVET, sales tax).
 - Fares.
- WSDOT:
 - Passenger fares.
 - State fuel tax.

BUDGETS AND EXPENDITURES

State Agencies

The Washington State Legislature passes three separate budgets.

- Transportation budget: Appropriates operating and capital funding to agencies that provide a wide variety of transportation functions and services.
- Capital budget: Pays for acquiring and maintaining state buildings, public schools, higher education facilities, prisons, public lands, parks, and other capital facilities.
- Operating budget: Pays for the day to day expenses of state government.

Each budget contains allocations for a two year two period, known as a biennium that begins July 1 and ends two years later on June 30. For example, the 2017-2019 biennium started July 1, 2017 and ends June 30, 2019.

Table B-2 shows how the Legislature allocates funds from the Transportation Budget to state agencies. Some agencies rely on the transportation budget (such as WSDOT) and others receive supplementary funding to perform transportation-related tasks. WSDOT not only receives funding for agency duties and transportation projects, it is also responsible for passing along funding to local governments for transportation investments.

Table B-2: 2017-19 Transportation Budget - Operating and Capital (Dollars in Thousands)

	Total Budget Enacted (6/30/2017)	Percent of Total
Department of Transportation	5,747,666	66%
Washington State Patrol	504,955	5%
Department of Licensing	619,467	5%
Joint Transportation Committee	1,589	.02%
Legislative Evaluation & Accountability Program Committee	597	.01%
Office of Financial Management	1,696	.02%
Board of Pilotage Commissioners	3,790	.04%
Utilities and Transportation Commission	1,604	.02%
WA Traffic Safety Commission	27,282	.3%
Archaeology & Historic Preservation	496	.006%
County Road Administration Board	99,393	1.15%
Transportation Improvement Board	264,839	.03%
Transportation Commission	2,536	.03%
Freight Mobility Strategic Investment Board	51,593	.59%
State Parks and Recreation Commission	986	.01%
Department of Fish and Wildlife	250	.003%
Department of Agriculture	1,254	.014%
Bond Retirement and Interest	1,626,811	18.7%
Total	8,654,504	100%

Source: <http://fiscal.wa.gov/BudgetTran.aspx>

From more information see the [Joint Transportation Committee Transportation Resource Manual](#)⁸ and the [Legislative Evaluation and Accountability Program Committee \(LEAP\)](#)⁹.

8 <http://leg.wa.gov/JTC/trm/Pages/TRM2017.aspx>

9 <http://leap.leg.wa.gov/index.html>

State Transportation Agencies Expenditures

As the largest single transportation agency, WSDOT receives the largest share of the transportation budget. WSDOT's operating and capital budgets are shown below. NOTE: These charts illustrate WSDOT's breakdown of the State Transportation Budget – these are not to be confused with State Operating and State Capital budgets. Due to rounding, some figures may exceed 100 percent.

Figure B-5: WSDOT 2017-19 Biennium Operating Budget = \$1.846 Billion

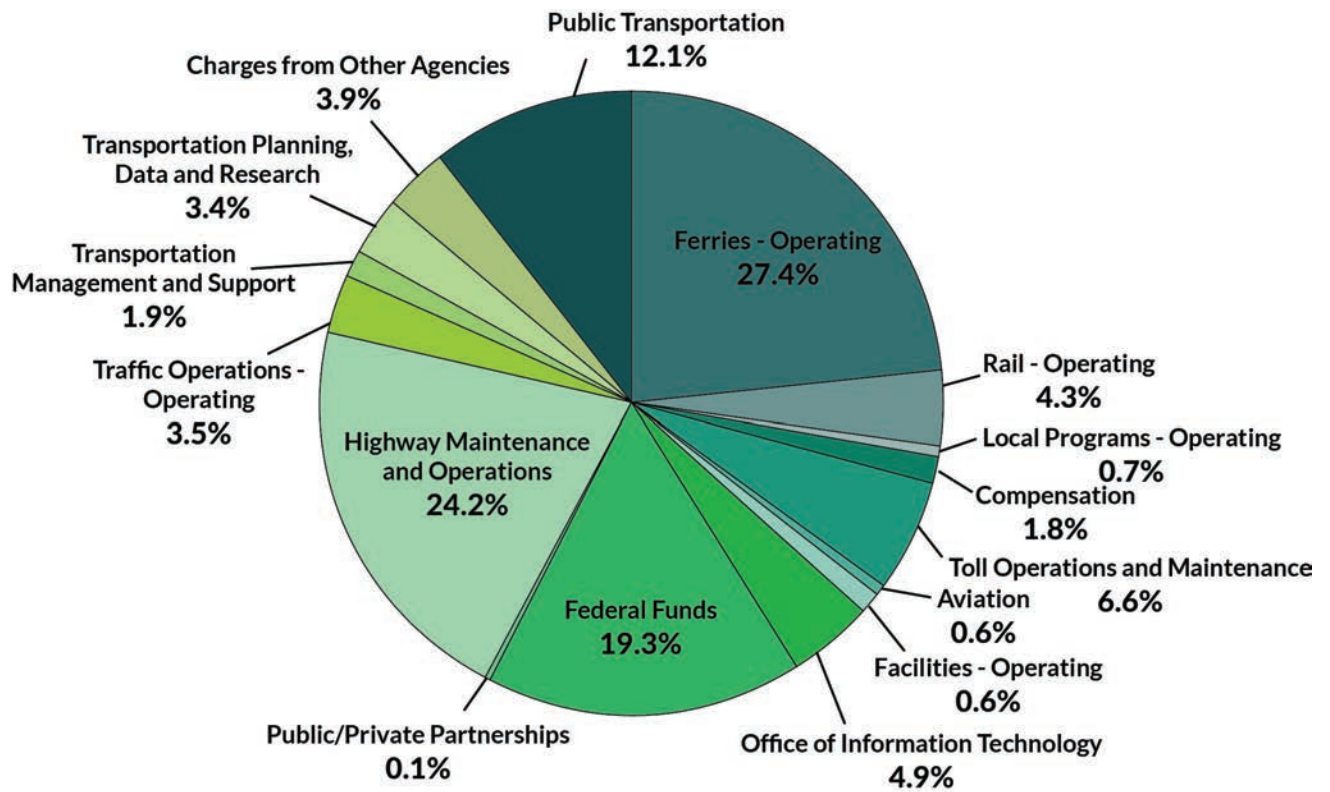
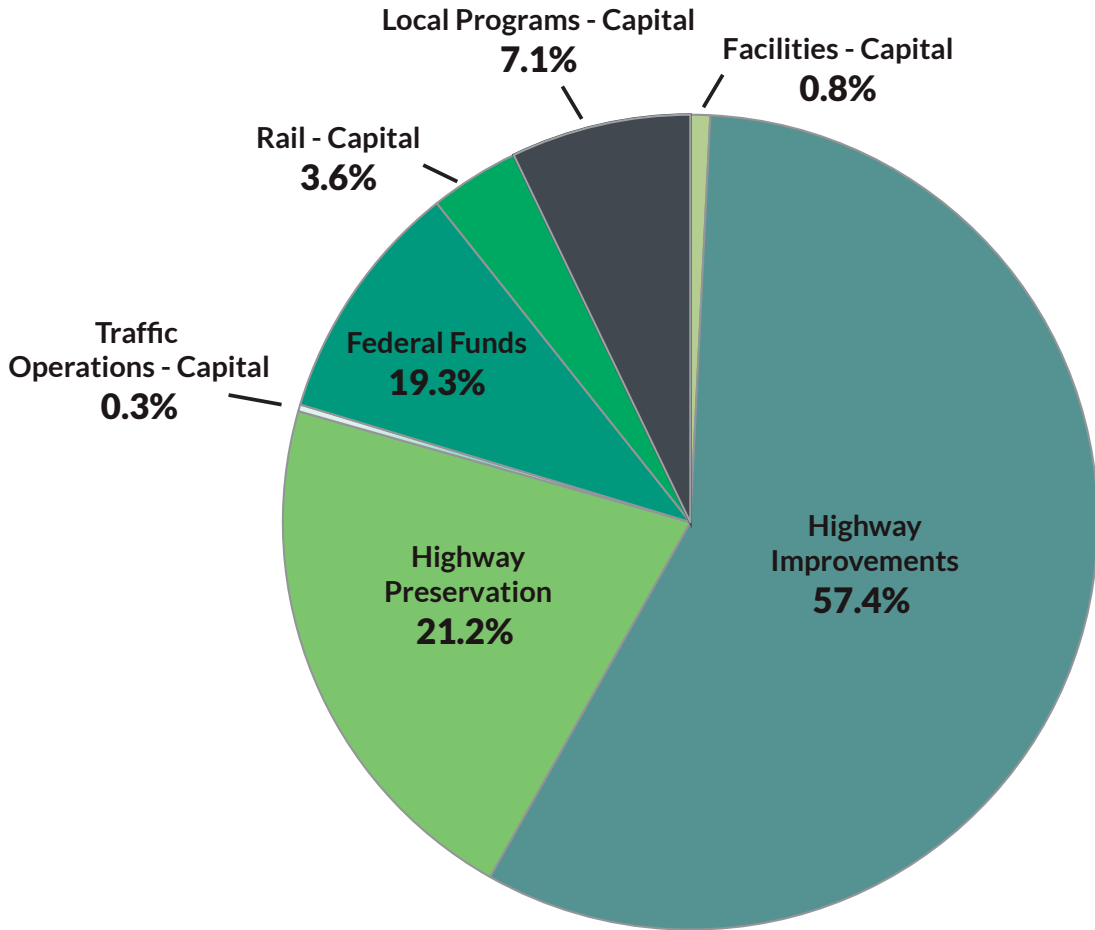


Figure B-6: WSDOT 2017-19 Biennium Capital Budget = \$3.879 Billion



Note: The percentages do not add up to 100 percent due to rounding.

Local Governments

Budgets

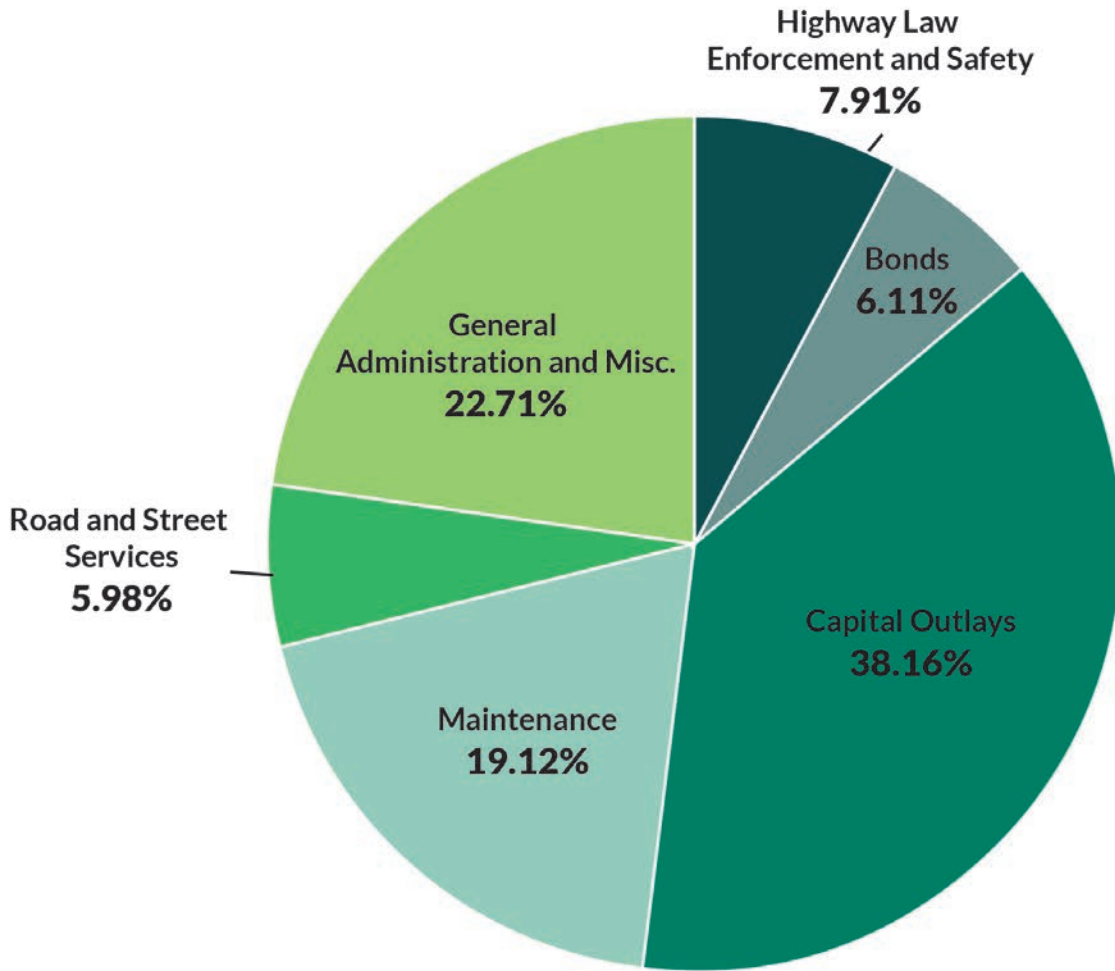
Cities, counties, ports, and transit agencies have separate budgeting processes. For more information, see the [MSRC](http://mrsc.org)¹⁰ website.

Local Governments Expenditures

Figure B-7 shows the average spending by local governments for transportation. This is shown for illustrative purposes only.

¹⁰ <http://mrsc.org/Home.aspx>

Figure B-7: Local Governments Transportation Expenditures by Type of Spending: Five-Year Average



Average Annual Expenses = \$2.61 billion

Regional Transit Authority

Sound Transit Budgets and Expenditures¹¹

Table B-3: Sound Transit Revenue - 2017 Budget Summary (Dollars in Thousands)

Sources	2015 Actual	2016 Actual	2017 Budget
Retail Sales and Use Tax	699,114	753,591	1,024,473
Motor Vehicle Excise Tax	79,564	84,657	236,936
Rental Car Tax	3,297	3,489	3,497
Property Tax	-	-	126,585
Federal Grants	148,268	149,313	108,425
Local & State Contribution	4,607	60,038	11,797
Passenger Fare Revenue	65,426	80,406	87,961
Investment Income	5,125	12,746	9,646
Miscellaneous Revenues	41,185	14,113	12,013
Bond Proceeds	601,141	477,549	-
Total	1,647,726	1,635,903	1,621,334

Table B-4: Sound Transit Operating Expenses and Outlays - Operating (Dollars in Thousands)

Departments	2015 Actual	2016 Actual	2017 Budget
Communications & External Affairs	6,977	6,510	7,387
Design, Engineering & Construction Management	34,823	37,593	45,929
Executive	16,312	17,345	24,300
Finance & Information Technology	35,346	40,134	49,203
Legal	2,776	3,097	3,741
Operations	197,410	230,857	267,514
Planning, Environmental & Project Development	6,478	6,920	9,034
Subtotal Transit Mode Budgets	212,700	252,324	299,348
Miscellaneous Revenues	41,185	14,113	12,013
Bond Proceeds	601,141	477,549	-
Total	1,647,726	1,635,903	1,621,334

11 <https://www.soundtransit.org/About-Sound-Transit/Accountability/Financial-documents>

Table B-5: Sound Transit Expenditures - Projects (Dollars in Thousands)

Project Types	2015 Actual	2016 Actual	2017 Budget
System Expansion	709,375	710,180	1,167,621
Enhancement	16,235	5,969	30,742
Rehabilitation & Replacement	23,797	10,331	24,150
Administrative	55,661	52,676	81,521
Subtotal Project Budgets	805,067	779,156	1,304,035

Table B-6: Sound Transit Totals (Dollars in Thousands)

	2015 Actual	2016 Actual	2017 Budget
Sound Transit Expenditures Debt Service	114,496	120,442	143,975
Total Expenses and Outlays	1,137,263	1,156,922	1,752,358

REVENUE COLLECTION AND EXPENDITURE DETAILS

State agencies (usually the Department of Licensing) collect user taxes and fees. They send them to the State Treasurer where they are placed into accounts as directed by state law, and expended after being appropriated by the Legislature. The majority (55 percent) of the state sources of revenue is from the state fuel tax on highway purposes fuel (gasoline and diesel). The state fuel tax is subject to restrictions in the Washington State Constitution and must be used on Washington highways. There are other state taxes and fees, which are deposited into transportation accounts for transportation projects. For example, vehicle license fees paid by vehicle owners and businesses are used for transportation projects. There is also a 0.3 percent sales and use tax on purchases of new motor vehicles and a rental car tax which are both used for transportation projects.

Federal revenues come from the [Highway Trust Fund \(HTF\)](#)¹². The HTF revenue sources are federal fuel taxes and other federal user fees. In addition, there are transfers from the federal general fund to the HTF for transportation purposes. First Congress must pass an authorization bill (currently [FAST Act](#)¹³). Federal transportation funds work as a cost share reimbursement program. WSDOT and other state and local entities must pay for the transportation projects up front and then request for reimbursement from the federal government. The amount of the federal share varies, but is usually 80 percent. WSDOT administers most federal highway transportation funds, subject to federal and

12 <https://www.fhwa.dot.gov/highwaytrustfund/>
 13 <https://www.congress.gov/bill/114th-congress/house-bill/22/text>

state criteria, including funds that go to local agencies. WSDOT acts as a fiscal agent for the federal government, ensuring that local agencies comply with the multitude of federal transportation and environmental laws and regulations.¹⁴

Tolling on new or existing highways or bridges must be authorized by the Washington State Legislature or upon a majority vote of the people within the boundaries of the unit of government empowered to impose tolls as per [RCW 47.56.031](#)¹⁵. The current tolling revenue shown in Figure B-4 is from the Interstate 405 express toll lanes, State Route 167 express toll lane pilot, State Route 520 corridor, and the second Tacoma Narrows Bridge.

Highway Construction Bonds are an important source of funding for transportation capital projects authorized in [chapter 47.10 RCW](#)¹⁶. Debt service is the periodic payment of principal, interest, insurance, and covenants on a bond. Transportation bonds are typically issued as 25 or 30-year debt. Bonds are backed by future fuel tax, license, permits and fee revenue and/or tolls and the revenue must be collected for the entire 25 or 30 years debt period. The Washington State Treasurer is also authorized to refinance original issues of bonds if conditions warrant this type of transaction. Refunding prior bond issues can reduce total debt service requirements and achieve budgetary savings over the remaining term of the bond.

Ferry revenue is generated exclusively by the Washington State Ferries that operate on the Puget Sound.

Local governments collect local taxes and fees for transportation such as through [local option transportation taxes](#)¹⁷ (authorized by [chapter 82.80 RCW](#)¹⁸ to add to vehicle registration and/or property taxes) and sales taxes under specific conditions and following specific processes. Local governments collect and spend revenue for county roads, city streets, ferry services, and public transportation.

Regional Transit Authority

Sound Transit is located in portions of Snohomish, King, and Pierce counties and is the state's only regional transit authority. State law ([RCW 81.112.070](#)¹⁹) grants Sound Transit "all the powers necessary to implement a high capacity transportation system and to develop revenues for system support." Local taxes, including car tab, property and sales taxes make up just over half of Sound Transit's total funding. The rest comes from federal grants, fares, interest earnings and miscellaneous revenue. In 1996, 2008 and 2016 voters within the [Sound Transit District](#)²⁰ approved tax increases to build and operate the regional mass transit system.

14 Note: The federal fuel taxes are not subject to restrictions in the Washington State Constitution but the federal HTF has its own rules and restrictions surrounding the use of the funds that states must meet.

15 <http://app.leg.wa.gov/RCW/default.aspx?cite=47.56.031>

16 <http://app.leg.wa.gov/rcw/default.aspx?cite=47.10>

17 <http://app.leg.wa.gov/RCW/default.aspx?cite=47.56.031>

18 <http://app.leg.wa.gov/rcw/default.aspx?cite=82.80>

19 <https://app.leg.wa.gov/rcw/default.aspx?cite=81.112.070>

20 https://m.soundtransit.org/sites/default/files/documents/pdf/about/stdistrictmap07_10.pdf

AUDITS AND ACCOUNTABILITY

The State Auditor is authorized by state law ([chapter 43.09 RCW](#)²¹) to be the auditor of all public accounts this includes all state and local agencies. The auditor may perform audits and investigations. The audits are designed to comply with professional standards and to satisfy the requirements of federal, state, and local laws. For more information, see the Office of the Washington State Auditor at <http://www.sao.wa.gov>.

The Office of Financial Management (OFM) provides information, fiscal services and policy support to the Governor, Legislature, and state agencies. This includes statewide transportation statistics included in the [Washington State Data Book](#)²².

The Washington State Legislative Evaluation and Accountability Program (LEAP) Committee is the Legislature's independent source of information and technology for developing budgets, communicating budget decisions, and tracking revenue, expenditure, and staffing activity. [LEAP](#)²³ also provides consulting to legislative committees and staffs, and provides analysis and reporting on special issues at legislative request. For more information, including budgets and reports, see their website at leap.wa.gov.

21 <http://app.leg.wa.gov/RCW/default.aspx?cite=43.09>

22 <https://www.ofm.wa.gov/washington-data-research/statewide-data/washington-state-data-book>

23 <http://leap.wa.gov/>

