
Implementing the Connecting Washington Bond Act



Presentation to the Joint Transportation Committee

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Legislative Direction

Connecting Washington Bond Act

Section 4 of ESSB 5989 (Chapter 45, Laws of 2015) (“Connecting Washington Bond Act”) pledges bond will be payable from:

- Motor vehicle fuel excise taxes and
- Vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes.

The first bond act to pledge vehicle-related license fees together with gas taxes.

Bond Act expands the revenues pledged to transportation bonds.



Implementing the Bond Act

Connecting Washington Bond Act

Task

- Develop a plan to implement the Bond Act.
- Draft a State Finance Committee resolution for the bonds.
 - The pledge in the current MVFT bond resolution is largely unchanged from the 70's.

Goals in developing the new pledge

- Clarity: Understand which existing fees are pledged.
- Flexibility: Anticipate fees that may be collected and used for highway purposes over the next several decades.



Working Group

Engage Stakeholders

The Office of the State Treasurer assembled representatives from

- House and Senate (transportation staff)
- Washington Department of Transportation
- Office of Financial Management
- Washington State Transportation Commission
- Department of Licensing
- Transportation Revenue Forecast Council
- Office of the Attorney General
- Bond Counsel to the State (Foster Pepper)
- Financial Advisors to the State (Piper Jaffray)



Key Constitutional Provisions

Article 8, Section 1 ensures transportation projects will be funded at the State's lowest cost of funds.

Article 2, Section 40 restricts the use of license fees for motor vehicles to highway purposes.

Article 8, Section 1 of the Constitution

Allows the State to pledge its full faith, credit and taxing power to guarantee the payment of any obligation, without including such obligation in the aggregate debt of the state for purposes of the constitutional debt limitation, so long as

- the obligation is payable from revenues received from sources including "fees collected by the state as license fees for motor vehicles" and
- the legislature at all times provides sufficient revenues from such sources to pay debt service on the obligation.

Article 2, Section 40

Requires that all fees collected by the State of Washington as license fees for motor vehicles (excluding vehicle operator license fees, any excise tax imposed on motor vehicles or the use thereof in lieu of a property tax, and fees for certificates of ownership)

- be placed in a special fund (the Motor Vehicle Fund) and
- used for highway purposes.



What's In and What's Out?

Determine which fees are pledged and whether the revenues are separately tracked

Which current fees are included in the pledge?

License Fee?

Fee for a motor vehicle?

Fee required to be used for highway purposes?

Preliminary conclusions of counsel:

Include fees imposed and collected for the right to use a motor vehicle on public highways.

Include certain fees which are not specifically named as a "license fee," if the nature and function of the fee appears to constitute a license fee for motor vehicles (i.e. license plate fees).

Exclude administrative processing fees, inspection fees, vehicle operator's license fees, excise taxes imposed in lieu of property taxes, and fees for certificates of ownership (title) of motor vehicles.

Exclude trailer license fees because trailers are not self-propelled and thus not considered motor vehicles.



“Vehicle-Related Fees” Pledged under the 2015 Bond Act

Category	Subcategory	License Fee?	For Motor Vehicles?	Required to be Used for Highway Purposes?	Pledged to Bonds?	Estimated Revenue FY 2016 (Millions \$)
Basic License Fee						\$161.2
Vehicle License Fee	“\$30” registration fee	Yes	Yes	Yes	Yes	
Vehicle License Fees by Weight	Trailers	Yes	No	Yes	No	
License Plate Fee						\$29.8
License Plate Fees	Automobiles	Yes	Yes	Yes	Yes	
License Plate Fees	Motorcycle & Moped	Yes	Yes	Yes	Yes	
License Plate Fees	Trailers	Yes	No	Yes	No	
Electric Vehicle Registration Renewal Fee						\$0.9
Vehicle License Fee	Renewal Fee	Yes	Yes	Yes	Yes	
Combined License Fees (Trucks)						\$181.2
Vehicle License Fees by Weight	Trucks, buses, and Additional Weight Fee	Yes	Yes	Yes	Yes	
Vehicle License Fee	Farm Vehicle	Yes	Yes	Yes	Yes	
Vehicle License Fee	Motor Vehicle Weight Fee	Yes	Yes	Yes	Yes	
Vehicle License Fee	Trailers	Yes	No	Yes	No	
Dealer Temporary Permit Fee						\$7.0
Permit and Transfer Fee	By Permit Type	Yes	Yes	Yes	Yes	
Special Permit Fees						\$8.2
Special Permit Fees	Logging Truck Excess Weight Fee	Yes	Yes	Yes	Yes	
Other fees under Title 46 RCW						\$10.2
Total Estimated Revenue (including trailers)						\$398.5



Next Steps

Re-engage with stakeholders

Further develop legal guidance on how to identify vehicle-related fees for motor vehicles in future legislation.

Finalize Bond Resolution

Meet with stakeholder group to
Explain underlying rationale and
Propose draft bond resolution for future issuance.

Model transportation debt capacity

Propose the bond resolution to the State Finance Committee for their authorization.

Coordinate with agencies involved with collecting and forecasting fees to confirm they will be separately tracked.

Estimate bond capacity based upon forecasted revenues.

With the Legislature, OFM and WSDOT, develop a technical modeling process to estimate transportation debt capacity and to assess the affordability of transportation debt. This process would be similar to that used for capital projects.