



MEMORANDUM

TO: Southwest Washington Regional Transportation Council Board of Directors
FROM: Matt Ransom, Executive Director 
DATE: June 30, 2020
SUBJECT: Federal and State Legislative Updates

AT A GLANCE – INFORMATION

The purpose of this memorandum is to keep the RTC Board of Directors apprised of proposed federal and state legislation and related policy development activities affecting regional transportation funding programs.

BACKGROUND

Federal and state funding programs and policies are integral to both RTC grant programs and RTC member agency capital investment and maintenance programs. Within the past year, there have been significant events that have altered the anticipated trajectory of several funding programs. The events include: voter approval of I-976 and corresponding suspension of local Transportation Benefit District programs and other statewide fees; and the economic downturn of the COVID-19 health pandemic has combined created acute reductions in fuel consumption and related taxes combined with declines in other state and local agency funding sources including: sales taxes, fees, Real Estate Excise Taxes, etc.

Reductions in funding will have an impact on state and local agency capital project investments and maintenance programs in the short term. State and local agencies have taken various approaches to address immediate impacts including: project suspensions, delays, and programmatic cost reductions. Longer term impacts are unknown at this time and likely to be addressed on an agency specific basis.

Notwithstanding the immediate state and local agency funding impacts, most of the key regional and state grant programs are out for solicitation. RTC issued a call for projects for the full FY 2023/24 grant program equal to \$11.2 Million. Several state grant programs are advertised for current solicitation including the: TIB statewide programs, Safe Routes to Schools, Pedestrian and Bicycle Program, and the regional Consolidated Grant Program solicitation is pending. Key federal competitive programs are also open for solicitation including the BUILD and select Economic Development Administration capital related programs.

The remainder of this memorandum provides information and opinions regarding the short-term outlook and funding forecasts for key federal and state programs. RTC staff will continue to monitor each of these programs and provide additional information to ensure timely advocacy where opportunities arise.

FEDERAL PROGRAMS

The federal surface transportation law and appropriations are guided by the FAST Act, which is set to expire in September 2020. Upon expiry and without a subsequent authorization, Congress typically provides appropriations under the current law (i.e. FAST Act) by a continuing resolution authority.

Over the past year(s), several proposals to reauthorize the FAST Act have been introduced by each branch of Congress and the current Administration. Earlier this year, the RTC Board of Directors adopted Resolution 02-20-06 which provided a framework of guiding principles and concepts which advocates for reauthorization of the FAST Act, and the Resolution was shared with the WA members of Congress. Since that time, RTC staff has consulted with various member agency staff and lobbyists and have provided input towards the reauthorization proposals as they have come forward.

The following is a brief snapshot of current Federal reauthorization proposals and status:

US Senate

Bill	Status	Next Steps
America Transportation Infrastructure Act of 2019 https://www.epw.senate.gov/public/index.cfm/addressing-americas-infrastructure-needs	Passed: Senate Environment and Public Works Committee	Pending: Senate Floor action

US House

Bill	Status	Next Steps
Invest in America Act https://transportation.house.gov/imo/media/doc/Section%20by%20Section%20HR%20%20The%20Moving%20Forward%20Act%20FINAL.pdf	Passed: House Committee on Transportation and Infrastructure	Was packaged with the Moving Forward Act. Pending: House Floor action

Administration

Pending

STATE AFFAIRS

Joint Transportation Committee (JTC): Statewide Transportation Needs Assessment

The Washington State Legislature commissioned a comprehensive assessment of statewide transportation needs and priorities over the ten-year timeframe spanning 2022-2031 (Statewide Transportation Needs Assessment). The project is nearing completion of phase I work. Upon completion of the assessment, an Advisory Committee will review and recommend to the Legislature a timeline and actionable plan for consideration during the 2021 Legislative session. RTC staff has been monitoring the start-up of this study effort and is advising that RTC be actively engaged to ensure that the RTC region's project interests are strongly and accurately represented in this forthcoming statewide evaluation.

June Project Update: The DRAFT Final Report was presented to the JTC in June 2020. The presentation provided to the JTC is linked here:

<http://leg.wa.gov/JTC/Meetings/Documents/Agendas/2020%20Agendas/Jun%202023%20Meeting/StatewideNeedsPresentation.pdf>

Key Study Findings:

- Transportation services and corresponding needs across the state are diverse, and the unfunded needs are in the tens of billions of dollars.
- The study committee has assumed several "Anchor" (i.e., must have) project investments are needed across the state. The I-5 Columbia River Bridge and/or alternative crossing at Hood River-White Salmon bridge replacement are identified as Anchor projects in this analysis.

State Transportation Revenue Forecast: June 2020 Update

The state's Transportation Revenue Forecast Council publishes a bi-annual forecast of transportation revenue for all sources. These forecasts are used by the Office of Financial Management, Legislature and cities and counties to project current and future revenue collections for budgeting and planning purposes. Due to the combined impact of both I-976 implementation and COVID-19 reduced demand related economic impacts, the June 2020 economic and revenue forecasts indicate some significant declines in revenue over the past several months, and forecasts sustained revenue shortfalls into the future (compared to prior COVID 19 demand forecasts).

Key Forecast Findings:

- June 2020 baseline transportation forecast of revenues: \$5.797 billion for the current biennium (19-21), which is down by \$482.5 million or 7.7%. This was due to most all revenue sources being down, including I-976 and COVID-19 reduced demand impacts.
- Transportation revenue source with the largest decline in the current biennium is fuel taxes at a decline of \$188 million or 5%. The forecast decline drops in future biennium.

YR 19-21 Biennium State Transportation Budget

The 2020 Legislature and Governor approved a 19-21 biennium state transportation budget, which addressed the immediate impacts of I-976 and also provided a pathway to proceed with existing projects committed as part of Connecting Washington funding program. In the intervening months, the COVID-19 pandemic has created significant reductions in demand and associated taxes as noted by the June transportation revenue forecasts.

Just as local government and special districts have had to enact immediate measures to address realized and expected budget shortfalls, it is likely that the state legislature will need to do the same. Actions taken by local government include: project delays, suspensions, and in some acute cases indefinite cancellation, in addition to deferment of recurring operating and maintenance activities. Current discussions are abounding regarding the likelihood of the Legislature convening in a special session this fall. Should that occur, it is likely that the Legislature will need to review the state transportation budget, and it is very likely that the types of actions taken by local government will need to be enacted in some form in the state transportation budget. RTC staff will monitor these discussions and report substantive proposals as they become known.

New Transportation Revenue Proposal

Predevelopment work associated with a new statewide transportation investment proposal has been in discussions and initial public workshops and hearings held. Over the past two legislative sessions, the Senate Transportation Committee has held two series of public hearing/work sessions on the Committee Chair's proposed New Law Transportation Funding Proposal. Details of that proposal can be found here:

Draft Revenue Options:

http://leap.leg.wa.gov/leap/Budget/Detail/2020/stBalanceSheet_0205.pdf

Draft Project List:

http://leap.leg.wa.gov/leap/Budget/Detail/2020/stLEAPDocNL-1_0205.pdf

The Joint Transportation Committee is accelerating work on Phase II of the Statewide Transportation Needs Assessment, which will include Advisory Committee, statewide outreach and proposal development work through the end of 2020 in advance of the YR 21 state legislative session. Given the magnitude of I-976 and COVID-19 related revenue declines, combined with the outstanding and unfunded needs which exist across the state, it is "*a growing likelihood*" that some form of statewide transportation investment and revenue proposal (including new revenue options) will be presented during the 2021 Legislative Session. Thinking among some, is that the I-976 and COVID-19 reduce demand impacts are so severe, that a new revenue package is necessary to both backfill the current/forecast funding shortfalls, combined with providing an economic stimulus, which can also address some of the needs identified in the statewide assessment.

With that in mind, RTC regional partners could be well served by engaging with the upcoming statewide discussions, and outreaching with regional legislators, to provide input for regional project and revenue priorities in advance of the 2021 legislative session. RTC staff will report timely updates in preparation for the upcoming legislative session.

OTHER: OREGON

- Metro 2020 Transportation Investment Measure. Metro is evaluating a proposal to advance a region wide transportation investment program measure (levy). As proposed by the project's Task Force, the proposed transportation investment measure would fund specific regional corridor improvement projects and studies and would levy certain taxes/fees to fund the program. It is expected the Metro Council will make a decision regarding the scope, timing, and whether the proposal will be referred to the tri-county voters as a November 2020 ballot measure by July/August. Additional information can be found at the project website: <https://www.oregonmetro.gov/public-projects/2020-transportation-investment-measure>

NEXT STEPS

RTC staff will continue to monitor proposed federal and state bills which are currently or may be introduced. In addition to monitoring, RTC staff will provide information and input to the Board, Legislators, and RTC Member agency staff as requested.