Roadmap

- Nickel, TPA, Connecting Washington, and Triple-Pledge bonds secured by full faith and credit of the state

  - MVFT pledged to repayment of Nickel, TPA, and 520 Triple-Pledge bonds
  - MVFT+VRF pledged to repayment of Connecting Washington bonds

- Legislature agreed to impose these taxes/fees in amounts sufficient to pay principal and interest

- Constitution provides “carve-out” that excludes transportation bonds from debt limit because of MVFT or MVFT+VRF pledges

- Constitution requires “…the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged…”

- If pledged MVFT or MVFT+VRF are insufficient, transportation bonds unable to be supported by the pledged revenues become subject to the state’s debt limit
ARTICLE VIII
STATE, COUNTY, AND MUNICIPAL INDEBTEDNESS

SECTION 1 STATE DEBT

(b) The aggregate debt contracted by the state, as calculated by the treasurer at the time debt is contracted, shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than the applicable percentage limit of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years as certified by the treasurer.

The term "applicable percentage limit" means...eight and one-quarter percent from July 1, 2016, through June 30, 2034; eight percent from July 1, 2034, and thereafter.
(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds...which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state...but shall not include...obligations guaranteed as provided for in subsection (g) of this section....
ARTICLE VIII
STATE, COUNTY, AND MUNICIPAL INDEBTEDNESS

SECTION 1 STATE DEBT

(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources:

(1) **Fees collected by the state as license fees for motor vehicles;**

(2) **Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and**

(3) **Interest on the permanent common school fund:**

*Provided, That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.*
SECTION 4

Bonds issued under the authority of...this act shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due.

The principal and interest on the bonds shall be first payable...from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW.

Proceeds of these excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of...this act, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of...this act.
Bonds issued under the authority of...this act shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due.

The principal and interest on the bonds shall be first payable...from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW.

Proceeds of these excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of...this act, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of...this act.
Bonds issued under the authority of this...act shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due.

The principal and interest on the bonds shall be first payable in the manner provided in this...act from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW and vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes.

Proceeds of these excise taxes and vehicle-related fees are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of this...act, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels and vehicle-related fees in amounts from such sources sufficient to pay, when due, the principal and interest on all bonds issued under the authority of this...act.
SECTION 40 HIGHWAY FUNDS

All fees collected by the State of Washington as license fees for motor vehicles and all excise taxes collected by the State of Washington on the sale, distribution or use of motor vehicle fuel and all other state revenue intended to be used for highway purposes, shall be paid into the state treasury and placed in a special fund to be used exclusively for highway purposes....
Summary

- Nickel, TPA, Connecting Washington, and Triple-Pledge bonds are secured by full faith and credit of the state.

- These bonds are first payable from pledged MVFT or MVFT+VRF revenues.

- Because of the MVFT or MVFT+VRF pledge, these bonds are excluded from the state’s debt limit.

- Legislature agreed to impose these taxes/fees in amounts sufficient to pay principal and interest.

- Constitution requires these taxes/fees to be collected in amounts sufficient to pay principal and interest.

- If pledged MVFT or MVFT+VRF revenues are insufficient, principal and interest unable to be supported by pledged revenues *become subject to the state’s debt limit*.