TNB Loan Legislation Recap

• In 2018, the Legislature passed legislation (SHB 2990) stating its intent to provide up to $85 million in loans for the TNB Account.

• Loans are meant to keep TNB toll rates at no more than $0.25 more than current levels until debt service, deferred sales tax, and loans are repaid (through about FY 2032).

• Assumes no more than a $0.25 rate increase, beginning on July 1, 2021 (FY 2022) or later.
• SHB 2990 directed the Transportation Commission to annually provide the Legislature a status report on the loan amounts necessary to meet the bill’s intent.

  – First submitted in January 2019, as part of Commission’s 2019 Tolling Report (Appendix A), and will provide update in January 2020.

  – Report directed to the Transportation Committees of the Legislature.

  – Required annually through the end of debt service payments in FY 2030, followed by reports on the loan repayment.
Loan for 2019-21 Biennium

- In 2019, the Legislature appropriated $12.543 million to the TNB Account as a loan for the 2019-21 biennium.

- The loan amount was about $2.36 million less than recommended in the 2019 TNB Loan Report
  - Legislature assumed less system-wide costs paid by TNB tolls for the 2019-21 biennium.

TNB Loan: 2019-2021 Biennium

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>2019-21 Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Provided by Legislature (2019)</td>
<td>$6,271,500</td>
<td>$6,271,500</td>
<td>$12,543,000</td>
</tr>
<tr>
<td>2019 Loan Report Estimates</td>
<td>$6,511,000</td>
<td>$8,392,000</td>
<td>$14,903,000</td>
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</tbody>
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Note: estimates rounded to nearest thousand.
2019-21 Fund Balance Status

• Status of Fund Balance for 2019-21 Biennium
  – The $12.5 million loan continues to support a positive TNB Account fund balance throughout the 2019-21 biennium.
  – Determining if TNB Account fund balance continues to meet requirements of the Commission’s Sufficient Minimum Balance (SMB) policy.

• Commission’s SMB Policy Summary
  – Retrospective 3 month rolling average of the TNB Account fund balance shall not be less than $10 million.
  – The Commission shall take action to identify measures that address a projected shortfall.
  – Policy does not require a rate-setting action.
Potential Recommendations: 2020 TNB Loan Report

• If Fund Balance Projects to Continue Meeting SMB Fund Balance Requirements in 2019-21 Biennium:
  – Recommend no action by Legislature or Commission in 2020.

• If Fund Balance Does Not Project to Meet SMB Fund Balance Requirements in remainder of 2019-21 Biennium:
  – Recommend Legislature appropriate additional funds (ex.: loan)
  – If no additional funds provided by the Legislature, recommend Commission consider whether rate setting is necessary to meet fund balance requirements, and if action is necessary in 2020 or 2021.
Next Steps:
2020 TNB Loan Report

• Complete analysis on whether current loan for 2019-21 biennium is sufficient to maintain fund balance requirements.

• Update TNB Citizen Advisory Committee on analysis results in January 2020.

• Provide Report to Commission for approval and present at January 2020 Commission meeting.

• Submit Report to Transportation Committees of the Legislature in January 2020.
Questions?