



Washington State  
Transportation Commission



# 2020 TNB Loan Report Summary

Carl See

Senior Financial Analyst

WA State Transportation Commission



# TNB Loan Legislation Recap

- In 2018, SHB 2990 was enacted, establishing legislative 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 above 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.

# 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 \$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\*

	FY 2020	FY 2021	2019-21 Biennium
2019 Loan Report Estimates	\$ 6,511,000	\$ 8,392,000	\$ 14,903,000
Enacted Loan Amounts (2019 Legislature)^	\$ 6,271,500	\$ 6,271,500	\$ 12,543,000

*^Enacted loan distribution by fiscal year based on approved fund transfer schedule.*

*\*Estimates rounded to nearest thousand.*

# Loan Report to Legislature

- SHB 2990 directed the Transportation Commission to annually report to the Legislature on necessary loan amounts for each biennium.
  - Required through the end of debt service in FY 2030, followed by reports on the loan repayment.
  - Submitted as part of Commission's annual Tolling Report.
  - Report directed to the Transportation Committees of the Legislature.

# 2020 TNB Loan Report

## Purpose

- Assesses whether the \$12.5 million loan for the 2019-21 biennium remains adequate.

## Loan Amount Assumptions

- \$0.25 rate increase on July 1, 2021 (FY 2022) with related cost and revenue impacts.
- Compliance with Commission's TNB Sufficient Minimum Balance policy.

# 2020 TNB Loan Report

## Analysis Assumptions

- Analysis primarily based on WSDOT's 2020 TNB Financial Plan.
- Differences from Financial Plan include:
  - \$1.2 million lower facility repair & replacement costs for 2019-21 biennium than the financial plan (*Source: WSDOT*).
  - Assumed higher impact on potential revenues from exemptions than the financial plan by \$30,000 - \$49,000 per year.

# 2019-21 Fund Balance Status

- The \$12.5 million loan maintains a positive TNB Account fund balance through the 2019-21 biennium.
  - Ending TNB Account fund balance projects at over \$13 million for each fiscal year.
  - Supported by FY 2019 ending fund balance being \$6 million more than projected.

## Ending Fund Balance Estimates with Current Loan by Fiscal Year (FY 2019 – FY 2021)\*

	FY 2019	FY 2020	FY 2021
<b>2019 TNB Loan Report<sup>^</sup></b>	\$ 16,063,000	\$ 13,500,000	\$ 13,500,000
<b>2020 TNB Loan Report</b>	\$ 22,103,000	\$ 13,777,000	\$ 13,032,000
<b>Difference</b>	<b>\$ 6,040,000</b>	<b>\$ 277,000</b>	<b>\$ -468,000</b>

\*Estimates rounded to nearest thousand.

<sup>^</sup>Loan Report sets fund balance target of \$13.5 million each year to support meeting TNB SMB requirement.

# 2019-21 Biennium TNB SMB Status

- Fund balance projects to fall slightly below Commission's \$10 million SMB requirement at end of FY 2021.
- 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.*
- Commission staff recommends no rate-setting action to address the SMB in 2019-21 biennium.

# Loans for Future Biennia

- Loans for future biennia (FY 2022 - FY 2030) now project about \$6.9 million less than 2019 Loan Report.
  - \$1.65 million shift of toll lane system replacement costs from the 2021-23 biennium back to the 2019-21 biennium.
  - \$5.6 million from eliminating TNB toll revenue contribution to future tolling back office & customer service center system replacement costs (2027-29 biennium).

TNB Loan Estimates for FY 2022 – FY 2030 by Biennium\*

	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	2027-29 Biennium	2029-31 Biennium	FY 2022 – FY 2030
2019 Loan Estimates	\$ 14,614,000	\$ 14,646,000	\$ 13,912,000	\$ 21,657,000	\$ 2,086,000	\$ 66,915,000
Updated Loan Estimates	\$ 13,252,000	\$ 14,722,000	\$ 13,463,000	\$ 15,958,000	\$ 2,669,000	\$ 60,063,000
<i>Difference</i>	<i>\$ -1,362,000</i>	<i>\$ 75,200</i>	<i>\$ -448,400</i>	<i>\$ -5,699,000</i>	<i>\$ 582,600</i>	<i>\$ -6,852,000</i>

\* Loan estimates rounded to nearest thousand.

^ As enacted by Legislature in spring 2019

# 2020 TNB Loan Report Takeaways

- No change is necessary in the current loan of \$12.543 million for the 2019-21 biennium.
- Based on current projections, no rate setting action necessary before the assumed rate increase for FY 2022 (July 1, 2021) of up to \$0.25.
- Loans for future biennia (FY 2022 - FY 2030) now project about \$6.9 million less than 2019 Loan Report.
- Including the 2019-21 biennium, total loans now project to about \$72.6 million, or about \$12.4 million less than authorized in SB 2990.

# Next Steps

- Submit Report to Transportation Committees of the Legislature in January 2020.
- Continue to monitor TNB traffic and revenue, fund balance status, and compliance with Commission's SMB Policy.
- Fall / Winter 2020: begin preparations for possible rate increase of up to \$0.25 in FY 2022 (July 1, 2021).
- January 2021: Submit 2021 TNB Loan Report with loan estimate for the 2021-23 biennium.

# Questions?

