The SMB requirement is a WSTC policy that requires the TNB Account maintain a minimum fund balance


What is the SMB’s purpose?

- Buffer against unexpected revenue loss not covered by the TNB insurance policy.

How much is the required minimum fund balance?

- The TNB Account must have an average fund balance of at least $10 million over the past three months to remain in compliance.
- Rolling 3 month average of fund balance used as measure for SMB compliance to address expected fluctuations of the fund balance.
TNB Sufficient Minimum Balance Status

• As intended, the SMB policy has provided a buffer against this unexpected revenue loss, but the fund balance is being depleted.

• SMB analysis continues, but account expected to be out of compliance during current fiscal year (through June 2021).

• Fund balance also at risk of being negative during the current fiscal year.
Question:
• What is required of the WSTC if the TNB fund balance is not in compliance with the SMB policy?

Answer:
• The SMB policy requires the WSTC to identify measures that may address a projected shortfall. Some combination of measures may be necessary.
• Projected size of revenue need will be clearer as analysis of revenues and costs continue into the Fall 2020.
Next Steps

Spring-Fall 2020:
• **May – June**: Assess TNB fund balance compliance against the SMB policy based on the June transportation revenue forecast.
• **June – November**: Report back to the Commission on projected revenue shortfall and options to address it.
• Continue to monitor changes to TNB traffic, costs, and revenues.

Fall 2020 – Winter 2021:
• Develop funding options for the Legislature as part of TNB Loan Report.
• Begin consideration of rate setting process, as needed.
  – Rate increase of $0.25 currently assumed for July 2021
Questions?