

CHAPTER 4

A Sustainable Financial Framework

Transportation 2040 presents a forward-looking strategy to address the sizable challenges associated with financing transportation investments. It is critically important that the region deliberately moves forward in developing new ways to pay for transportation projects and programs. Improving the transportation system is about achieving a broad range of other important objectives: cleaning up the environment, visiting with friends and families, making the most of our neighborhoods and common infrastructure, and pursuing education, recreational and employment opportunities. Investments in mobility are integral to the creation and maintenance of our economic and social well-being.

Citizens want better mobility, yet as the costs of providing new transportation capacity continue to increase, the effectiveness of that capacity is often quickly compromised by growing traffic. The public appetite for funding that capacity is waning. Limited public financial capacity for transportation infrastructure investment has encouraged transportation professionals and regional policy makers to begin discussing the potential benefits associated with reforming the way transportation is paid for. The future of the fuel tax as a road finance approach is limited. Advances in vehicle technology and constant erosion of purchasing power from inflation have demonstrated the need to find other ways to pay for transportation investments. Business leaders, national experts, and state legislators are all coming to similar conclusions: traditional tax-based financing measures will not, by themselves, be sufficient to solve our transportation problems.

In the central Puget Sound region, decision-makers have been deliberately examining an approach to fund transportation through fees and tolls that apply to users of the transportation systems and services. Transportation 2040 sets out broad direction that moves the region toward a sustainable future in which investments can be made when they are needed, in a predictable manner, with revenues generated from those who benefit from the investments. This change



Tacoma Narrows Bridge electronic tolling, WSDOT

cannot occur overnight, but rather will only be the result of many individual steps, including legislative actions at the state and federal level. The specific path to a more sustainable approach to transportation finance cannot be known in advance with certainty, but the broader goals and outcomes represent a shared vision. Transportation 2040 presents a general scenario for the future of transportation finance in the central Puget Sound region, but recognizes there are still many important unanswered

policy questions, and embraces the need for flexible thinking about how these changes may come about.

Under federal law, the regional transportation plan must make reasonable financing assumptions, accounting for existing or new revenue sources which can be expected to be available over the life of the plan (Title 23 USC 134). Transportation 2040 does this, and outlines a set of conditions and assumptions that constitute a financial strategy for implementing the plan.

Growth and Transportation Funding

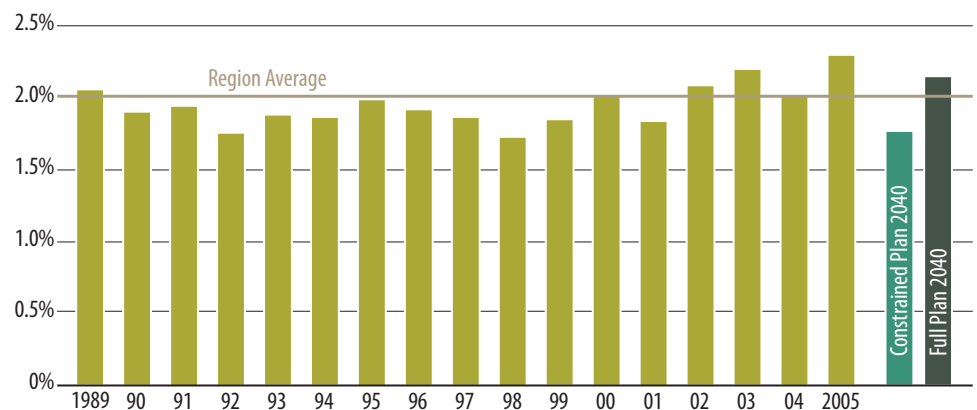
Investments in transportation infrastructure and services are strongly linked to growth in the broader economy. As the central Puget Sound region grows over the next 30 years, it will be important to ensure that there is the fiscal capacity to make investments in transportation systems. Getting the most out of transportation investments requires that the interplay between transportation investments, growth in economic activity, wealth generation, and public financial capacity shape the means through which the investments are financed.

But what level of total investment is enough? Over a period of nearly 20 years the central Puget Sound region has dedicated approximately 2 percent of its personal income to outlays on public sector transportation, and considerably more on private investments in personal and freight mobility. See Figure 20. Transportation investments should be made when their benefits exceed their costs, but public sector budgets will define the limits of investment, so maintaining this level of historical effort can be seen as a minimum target for a sustainable transportation investment program. In particular, the region's fiscal capacity must be sufficient to support specific transportation needs associated with a growing regional economy.

The principal tax bases for transportation have traditionally been retail sales, registered motor vehicles, taxable motor fuel consumption, and the taxable value of motor vehicles. The allowable uses of nearly all existing transportation funding sources in the region are restricted to specific uses, by source, by expenditure, and often by geography or jurisdiction. Transportation infrastructure costs have been on the rise over the last few decades because of increases in material and labor costs, the costs of mitigating environmental impacts, and increased urban land values. Insufficient public resources have led to an increase in the unfunded backlog of maintenance projects, which then have higher overall costs in the future, and are often compounded by increased safety concerns. Meanwhile, existing transportation revenues are not keeping pace with travel demand and the infrastructure investments needed to support this growing demand.

As the region grows and matures, so do its transportation assets. Aging infrastructure requires regular and predictable investments in maintenance, preservation, and operations. Much of the region's infrastructure was built many decades

FIGURE 20. Transportation Expenditures as a Percentage of Regional Personal Income



ago and will require significant efforts in preservation, or will need to be replaced over the next three decades. And system investments that were started years ago need to be completed, such as pieces of the high-occupancy vehicle network, and missing links in the road system. New urban infrastructure is expensive, so providing new ways of moving freight and people around on existing infrastructure is increasingly important as our region continues to urbanize. In the end, it is the growing peak travel periods that will be most compromised by growth if we fail to address the underlying demand for business-related movement of people and goods.

Peak-period demand drives the need for new investments in roadway and transit infrastructure. Urban transportation systems are sized and built primarily in response to peak-period use. Serving and managing peak demand will require a broad range of approaches including strategic investments in new infrastructure, high-occupancy services, time-of-day tolling, land use and development coordination, and other innovative strategies. Each of these needs has its own unique set of funding requirements, and some will necessitate new approaches to funding transportation altogether.

The period of reliance upon fuel tax financing may be coming to a close within the next few decades. Changes in vehicle technology and inflation continue to compromise the purchasing power of fuel tax proceeds. This path is unsustainable and new sources of reliable funding must be developed and phased in over time. There is growing interest in various approaches to replacing fuel taxes, and the central Puget Sound region has been at the forefront in some of the leading research. Vehicle charging technology is already available to allow a transition to another form of direct charging for road use. But many policy and program design issues remain unaddressed at this point. The central Puget Sound region and Washington state have some specialized experience with this topic. In 2006, PSRC conducted a pilot project, the Traffic Choices study, to see how travelers change their travel behavior in response to variable charges for road use (variable or congestion-based tolling). The project observed driving patterns, but also learned about vehicle charging technology, some key policy issues and program design. A major piece of future work must involve a comprehensive design of a structural replacement for fuel taxes.

I-90 Two-Way Transit & HOV Operations Project, Mercer Island, WSDOT



Emerging Issues in Transportation Finance

Successful implementation of Transportation 2040 is dependent upon fulfilling the new revenue expectations of the financial strategy. Success on this front requires addressing a range of underlying issues facing the future of transportation finance, and require the region and state to develop new and innovative approaches to project finance and implementation. Some cross-cutting issues in transportation finance include the following:

- **The Future of Fuel Taxes.** In the face of inflationary pressures and alternately fueled vehicles, the future of a fuel tax-based approach to highway finance may be limited. Alternate approaches to collecting user fees have been contemplated for many years. Technical advances have revolutionized road user fee collection approaches and may someday offer a replacement alternative for fuel taxes. As the transportation sector strives to disentangle personal and freight mobility from carbon emissions, taxes on motor fuels will become an even less viable means of funding future investments.
- **Bond Financing.** Capturing future value in order to make investments today is a significant issue in transportation planning and investment. Historically transportation systems in the U.S. have been financed on a pay-as-you-go basis. This is no longer working well in high-growth urban regions.
- **Reliance upon Non-transportation Related Tax Sources.** Tax based approaches to transportation finance, as differentiated from use fees, may always result in inadequate revenues relative to anticipated investment needs. This is largely due to the poor relationship between the fee charged and the costs the users of the system impose. Increased reliance on non-transportation related revenue sources, such as the sales taxes and municipal general funds, exposes transportation systems to greater revenue uncertainty and fails to ration scarce transportation resources and services.
- **Geographic Equity for Statewide and Regional Sources.** Politics lends itself to geographic divides, and these divisions have been a source of debate relating to the question of whether transportation dollars are distributed fairly. The issue of returns of statewide transportation revenues to the regions of Washington state will continue to be a focus of discussion. This is also true of the sub-regional investment policy that is part of Sound Transit program planning.
- **Cost Burden Across User Groups.** Who bears the costs of keeping our transportation system operational is an important question. It not only relates to issues of fairness and political viability, but also has implications for efficient transportation system management. Some users of the transportation systems impose greater costs on the system and other users than others. Heavy vehicles create more pavement and structural damage; commuters on busy roadways during the peak travel period impose delay on other users. The financial systems that support investments in transportation need to reflect these cost structures.
- **Investment Rules and Prioritization.** Plan financial constraint implies that investments may need to be prioritized if insufficient revenues become available to make all desired investments. Lack of consistently applied approaches to project selection and prioritization can make preserving financial constraint in the plan a challenge. Historically, and especially in other parts of the world, benefit-cost analysis has been employed successfully for transportation project evaluation.

Current State of Transportation Finance

Transportation funding in the central Puget Sound region draws mainly from a few primary tax bases. These include motor fuels sales, retail sales, motor vehicle market value, assessed property valuation, and vehicle registrations and licenses. In addition to taxes on these tax bases, transportation revenues are drawn from a combination of other sources, such as operating income and sources comprising city and county general funds.

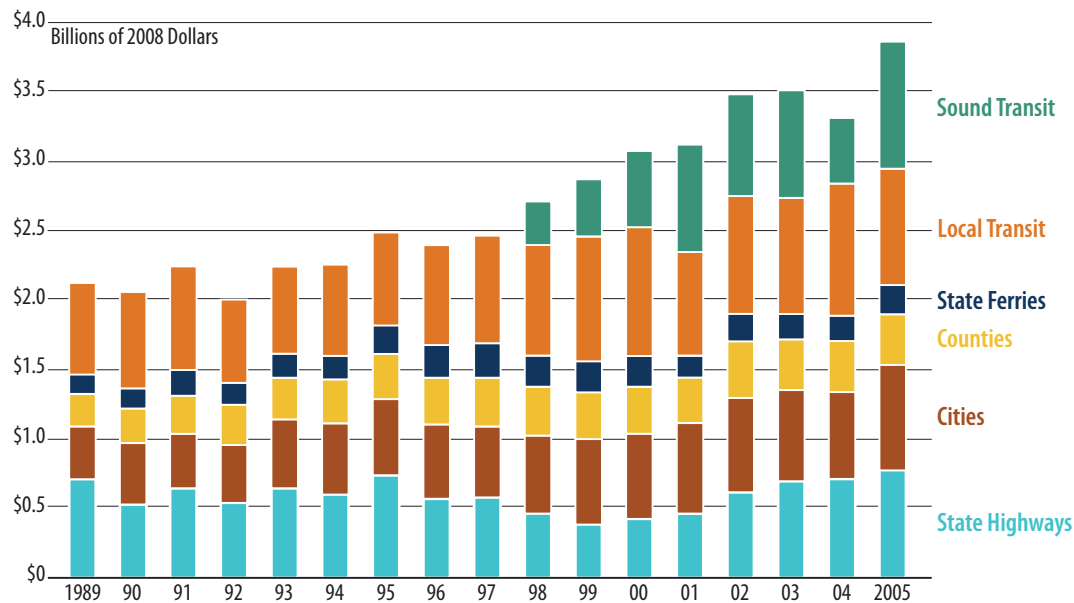
Cities and counties support transportation investments from a wide variety of funding sources. The state Legislature has authorized a number of local option taxes that have, in many instances, proved difficult to implement. At the same time, a number of tax limiting initiatives and growing demands for general fund dollars have made local commitments to transportation a challenge to sustain.

Local transit authorities' primary source of funding is the sales tax. With the loss of Motor Vehicle Excise Tax revenues, the local transit operators are increasingly dependent upon the sales tax, which is a less stable source of revenue, rising and falling with other economic factors. Due to the recession that began in 2008, local and regional transit agencies have experienced significant reductions in sales tax revenues, causing many agencies to increase fares and cut transit service. Because the base year of Transportation 2040 is 2006, these impacts are not included as part of the base financial assumptions in the plan.

The Washington State Ferries has also been affected by the loss of Motor Vehicle Excise Tax as well as the declining purchasing power of the fuel taxes. The result is an increasing reliance upon tolls for operations and state budget allocation for capital investments. The state highway program is heavily dependent upon fuel tax revenues, from both state and federal taxes.

Historical revenue information for major transportation programs is displayed in Figure 21.

FIGURE 21. Transportation Revenues in the Central Puget Sound Region



The starting point in the development of the Transportation 2040 financial strategy is an estimate of future revenues that will be available under current revenue law. When compared with plan investment costs, the current law revenue estimate provided the basis for determining the scope of new revenue strategies that need to be part of the plan.

Current law revenues derive from forecasts of the principal transportation tax bases. The principal transportation tax bases are retail sales, registered motor vehicles, taxable motor fuel consumption, and the taxable value of motor vehicles. Future annual values for these tax bases are forecast using a series of models. The resulting forecasts of revenues are then converted to program revenue estimates, taking into account the distribution of revenues to each program, due either to legislated dedications or allocations, or past practice, and the percent of generated revenues that are returned to this region. Figure 22 displays current law revenue estimates by transportation program and decade.

FIGURE 22. Current Law Revenues, 2010-2040 (millions of 2008 dollars)

PROGRAM	2010-2020	2020-2030	2030-2040	2010-2040
Counties	3,200	2,800	2,900	8,800
Cities	6,900	6,500	6,700	20,100
Local Transit	10,500	14,900	19,100	44,500
Sound Transit	15,100	7,200	10,100	32,400
State Ferries	1,900	1,700	1,900	5,400
State Highways	6,800	4,200	3,100	14,100
Total	44,400	37,100	43,600	125,200

Plan Investment Needs

The transportation investments included in Transportation 2040 are described in some detail in Chapter 5 of this document. The plan contains investments that are covered under the plan's financial strategy or constrained plan, but also contains investments that are as yet unprogrammed and not covered by the financial plan. The rest of this chapter focuses primarily on the financially constrained portion of the regional plan. Cost information about these investments has been assembled from detailed cost estimation methodologies appropriate to both broad programs of investments and individual projects. Transportation 2040 contains a database of transportation projects, each with information about project costs and year of implementation. Programmatic estimates of the resources required to maintain and operate city, county, and transit programs have also been developed in a detailed manner that reflects the timing of these investment needs. Figure 23 presents investments that are covered under the financial strategy for the major transportation programs by decade.

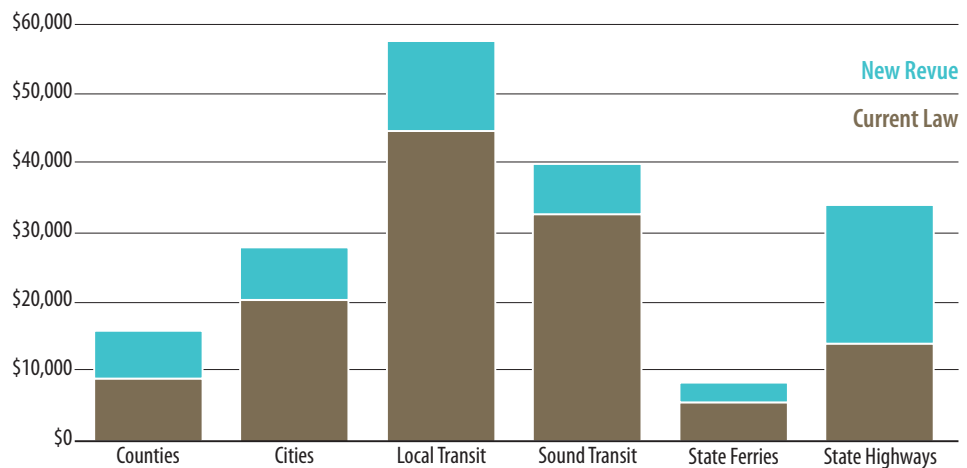
FIGURE 23. Financially Constrained Cost Summary, 2010-2040 (millions of 2008 dollars)

	CONSTRAINED 2010-2020	CONSTRAINED 2020-2030	CONSTRAINED 2030-2040	CONSTRAINED 2010-2040
Counties	4,400	5,100	6,200	15,700
Cities	9,000	9,300	9,400	27,600
Local Transit	11,200	17,300	28,700	57,300
Sound Transit	15,100	12,400	12,400	39,900
State Ferries	2,100	2,300	3,800	8,200
State Highways	16,000	6,700	11,000	33,800
Passenger-Only Ferries	200	200	200	5 00
ITS/Operations	500	500	500	1,400
Demand Management	700	400	400	1,500
Regional Non-motorized	200	100	100	3 00
Toll System	400	1,100	1,500	3,000
Other Subtotal	1,900	2,200	2,700	6,800
Total	59,700	55,300	74,200	189,300

New Revenue Requirements

A comparison of plan investment needs with current law revenues provides a picture of the new revenue requirements across the various transportation programs. New revenue requirements by program are displayed in Figure 24.

FIGURE 24. New Revenue Requirements (MILLIONS OF 2008 DOLLARS)



A General Funding Scenario

Transportation 2040 calls for the following guidance to be used as the region moves into a new approach for financing transportation:

- Securing funding to maintain and operate our current assets and services should be the highest priority. Approximately 60 percent of planned investments will simply maintain and operate the current system. This priority includes securing near-term revenue to maintain local transit operations, a growing backlog of local maintenance and preservation needs, and capital preservation needs of the state ferry and highway assets.
- Traditional tax financing (gas tax, etc.) will still play a central role in transportation finance, especially in the early years of the plan.
- There should be a nexus between new taxes, fees, or tolls and the uses to which the revenues are put. The revenue instruments should relate in some manner to the benefits the users receive and/or the costs that these users impose on the system and other users.

- There should be an increased reliance on road tolls that are phased in as new investments in capacity and alternatives are implemented, and as toll system technology and user acceptance evolves over time. To support this evolution, the tolls should be set in a manner that strives to improve travel benefits to all users (freight and people) of the transportation system, and the use of toll revenues should also evolve over time towards increasingly broader uses.
- The plan’s financial element should be based on a “general scenario” that allows flexibility in implementation.

Such a new revenue “general scenario” will require legislative action across a broad range of governments, including cities, counties, the state and the federal government. As the regional planning body for the central Puget Sound region, PSRC will work collectively with its partners to advance appropriate legislative actions. The general funding scenario has three primary elements: (1) early revenue actions that support state, local, and regional investments, (2) a phasing in of new revenue sources that are based on the use of the transportation system, and (3) guidance on the use of tolling revenues.

Road Tolling as a Critical Element of the Financial Strategy

In 1995 PSRC created a Transportation Pricing Task Force to contribute to public dialogue about the long-range financing and pricing of transportation investments. The Task Force concluded that a transportation financing structure based on variable roadway charging could provide significant benefits to society, and suggested it would be possible to better balance transportation supply and demand through price, much as is done in most other areas of our economic lives. The Task Force recommended that the region should:

- Promote transportation financing methods that are based on use, and help optimize system efficiency with the long-term goal of introducing variable roadway pricing.
- Continue to explore and adopt transportation demand modeling improvements and other analytical tools that better assess traffic management strategies.
- Work with communities, WSDOT, and local authorities to plan, design and implement a demonstration program prior to 2006.
- Develop and help fund a detailed outreach effort which seeks to inform, engage and build regional consensus around implementation of transportation pricing.

Much has happened since 1995 in the area of road tolling, both in the central Puget Sound region, and nationally. But the underlying structural problems in transportation finance remain. State and federal sources of transportation funding are designed to meet broad needs across diverse geography and are not always adequate to address the unique requirements associated with investing in growing urban regions. For example, the current system of highway finance relies heavily on flat fees: the motor-vehicle fuel tax (and licensing and registration fees). This system of flat fees necessarily has the effect of undercharging peak use, and overcharging off-peak use, at least in relative terms. The result is that:

- Roads are overused and experience queuing (congestion) during the peak periods.
- Users lose valuable time sitting in congestion.
- Use of the roads by High-Occupancy Vehicles (HOVs) such as carpools and buses is less than it would otherwise be.

These problems, in turn, affect the investment incentives and fiscal balance of the transportation system. Congestion provides a misleading signal as to which facilities or routes need more capacity, which, in turn, may cause road authorities to build some roadway capacity that the users themselves would not be willing to pay for. One solution to this fiscal dilemma is to raise gasoline tax or other broad revenue sources, which can exacerbate underlying issues of fairness. Another is to use congestion tolling to explicitly recognize the true, differential cost

of different road segments. The latter solution improves the management of current and new investment at the same time it helps resolve the transportation fiscal problem.

An economic principle for the efficient use of resources is that the users of those resources should pay their incremental or marginal cost. Applied to transportation, road users should bear the costs that their travel (use of the road resource) imposes on the roadway system. A comprehensive congestion-based tolling system would institute a structure of fees varying by time of day, type of road, and type of vehicle. Setting congestion prices correctly is important if the policy is to be fair and produce economic benefits. Congestion tolls should be viewed as tools for giving signals to people about the costs of their use of the system allowing them the opportunity to make sensible decisions based on those costs.

Generally, the effectiveness of congestion tolling is the greatest with broad geographic coverage. Broader coverage can reduce the problem of **diverted traffic**: traffic that is "tolled-off" the priced facility and now is using and congesting other roadways. A particularly bad form of this problem is **cut-through** traffic on local streets. Though barriers and policing can reduce the problem, the more efficient and fair way to deal with it is to correctly price the roadway and/or toll the alternative routes.

Making users pay, directly and immediately, for costs their use engenders encourages them to economize on costly activity. But implementing congestion tolling does not affect just price levels. The setting of tolls has to be coordinated with the highway investment process. Properly applied congestion tolling requires that the revenues be utilized in the most economically efficient manner. With tolling, there is a more direct relationship between the revenues and costs for individual road segments or projects, which facilitates doing feasibility analysis on a segment-by-segment basis. That makes it easier to rely on financial criteria to evaluate roadway projects since it will be clearer who pays and who benefits.

Congestion tolling, however, has the major disadvantage of not being a standard procedure. It is different, and raises new issues. Will it really work? Can the technology work reliably and at what cost? What about privacy: Should government be trusted with information about where citizens (or at least their vehicles) are at a certain time? Does congestion tolling create opportunities that the rich can afford but the poor cannot, and, if it does, is that fair? The answers to these and other questions are starting to take shape, but the next decade of experiences will provide a much better set of answers and public policies.

For more background and detail on the development of the region's financial strategy, see Appendix F.

EARLY ACTION TO SUPPORT STATE, LOCAL, AND REGIONAL INVESTMENTS

Within the first decade of the planning period for Transportation 2040, it will be necessary to identify additional transportation revenues that can address near-term requirements across a broad array of transportation programs.

Cities and counties will need to take action to increase transportation-related taxes and will need viable new local options for transportation funding. Local actions could include road and property tax levy adjustments, impact and development fees, the implementation of taxes on parking and more coordinated parking pricing. Cities and counties also will need to work with the state Legislature to identify additional local option taxes and fees, and to secure a direct distribution of new statewide transportation taxes in a manner consistent with past practice.

Local transit operators will face significant near-term challenges just to maintain existing service without additional funding. Some operators still have the option of locally approved sales tax increases, but others do not. And a continued reliance upon sales tax revenues as a nearly sole source of non-operating revenues leaves these operators vulnerable to swings in the economic markets. Local transit operators will need to work with the state Legislature to secure a stable source of supplemental funding. Also, operators could begin to raise fares in the near term in an effort to provide a stronger operating foundation. In the near term, Sound Transit will be focused on the delivery of the *Sound Transit 2* program of investments, with funding secured by a recent public vote. Sales tax revenue volatility will continue to be a monitoring issue for the Sound Transit capital program as well as for near term operations.

In the near term, the state highway and ferry programs will also require additional funding beyond current law. The Washington State Ferries has a new long-range plan and long-term finance study. And while long-term capital requirements present the largest financial issues for the ferry system, the near-term still requires additional operating revenues and adjustments to state funding practices. The highway program has a large amount of capital investment in the initial decade of the plan. Additional statewide funding, such increases to the state fuel tax, will need to be identified in order to keep the highway program on track even as tolls and other user fees are being introduced.

THE PHASING IN OF TOLLS AND OTHER USER FEES

Transportation 2040 sets out broad direction that moves the region toward a sustainable future in which investments can be made when they are needed, in a predictable manner, with revenues generated from those who benefit from the investments. This change cannot occur overnight, but rather will only be the result of many individual steps, including legislative actions at the state and federal level. The specific path to more sustainable transportation finance cannot be known in advance with certainty, but the broader goals and outcomes represent a shared vision.

The future of the fuel tax has been explored by numerous studies,⁵ all with an eye toward identifying options for its eventual replacement. A general consensus is emerging around how best to address long-run issues in transportation finance that reaffirms the general principle of user financing, although the design of a specific tax or fee program is likely a number of years away.

In the central Puget Sound region, significant early steps to begin to address this structural issue are underway, including the implementation of a high-occupancy lanes pilot project on SR 167 and plans to toll the existing SR 520 Bridge in an effort to help finance its replacement. The evolution of tolling will likely continue on this pathway, with additional high-occupancy toll lanes brought into operation in the first decade of the plan. Also, major highway capacity projects will be at least partially financed through tolls.

Eventually, in the later years of the plan, the intent is to manage and finance the highway network as a system of fully tolled facilities. The idea that the variable tolling of roads can result in substantial improvements in traffic conditions is unfamiliar to most motorists. There is a natural skepticism about how this might work, and how individuals might be affected by such an approach to road financing. The Traffic Choices Study, however, has demonstrated that households and motorists faced with variable tolls do make the modest adjustments in their travel that will translate into large-scale reductions in roadway congestion. The sum total of individual decisions can be shown to result in important shifts in the time, amount, and mode of travel so as to minimize the amount of time the region's residents would be stuck in traffic.

⁵ TRB Special Report 285: The Fuel Tax and Alternatives for Transportation Funding; Federal Surface Transportation Policy and Revenue Study Commission; Federal Surface Transportation Infrastructure Finance Commission.

GUIDANCE ON THE USE OF TOLLING REVENUES

A major portion of the benefits from any application of road tolling are a result of the revenues that are generated. How these revenues are utilized is clearly a significant determinant of the value of the tolling program, and is an important part of gaining public approval.

Transportation 2040 advances the notion that road tolling must come with a strong commitment to dedicate revenues to the purpose of improving mobility, in the form of direct investments in transportation systems, or offsetting other existing transportation taxes and fees. Beyond this basic commitment, there are likely to be other specific constraints that get placed on the use of revenues from road pricing. Possibilities include at least the following:

- Limit the use of revenues to the corridor, or geography from which the revenues are generated.
- Constrain revenues to only road investments.
- Allow revenues to be used to support multimodal investments, including transit, other high-occupancy vehicle services, pedestrian and bicycle improvements, and transportation demand strategies in the corridor or geography from which revenues are generated, provided road investments in the tolled corridor are planned to be completed as set forth in the Metropolitan Transportation Plan.
- Remit some, or all, revenues to users of the transportation system through a reduction in, or elimination of, other transportation-related taxes and fees.

All of the above uses of revenues provide direct benefit to some of the users of the transportation system. Some approaches are more supportive of the toll payers themselves; others provide additional incentives for people

to modify their travel behavior away from paying tolls. A major conclusion, however, is that how revenues are used has a profound effect upon most of the important dimensions of policy related to road tolling. As toll policy is developed, consideration must also be given to the equity implications of the application of tolls and the use of revenues.

In the near term, tolling will take the form of high-occupancy toll lanes and individual facility toll financing. In these instances toll revenues are essentially dedicated to making the investments in these corridors possible, and supporting the operations of these corridors directly, or indirectly. Supporting investments might include transit services, nonmotorized transportation improvements, or transportation demand strategies within the corridor that provide an alternative mobility option.

In the longer term, when a larger network of highway facilities is managed and financed with tolls, a broader consideration of possible uses for toll revenues may be warranted. It is even possible that it will be desirable to offset existing taxes and fees (say the elimination of a state tax on fuels, or vehicle fees) with toll revenues.

Figure 25 displays a representation of the general strategy for new transportation revenue that reflects the above assumptions and guidance. It should be noted that this is a general representation of a very large number of individual revenue actions that will be required to implement Transportation 2040. The timing and exact nature of each action can only be defined in strategic terms given the inherent uncertainty involved. Various risks associated with revenue strategies are explored in more detail in Appendix F.

FIGURE 25. New Revenue General Scenario (MILLIONS OF 2008 DOLLARS)

FUNDING CATEGORY	2010-2020	2021-2030	2031-2040	2010-2040
Local Sources				
Road Levy (PROPERTY TAX)	1,000	1,000	1,100	3,100
Other Local Sources (PARKING, LICENSE, AND IMPACT FEES)	2,300	2,600	2,900	7,800
Transit Specific Sources				
MVET (TRANSIT)	800	1,300	1,800	3,900
Sales tax increase for local transit	0	900	2,800	3,700
Sales tax increase for Sound Transit (BONDED)	0	5,100	2,400	7,500
Increases in Transit and Ferry Fares	100	400	500	1,000
Fuel Taxes, State Fees and Fuel Tax Replacements				
State Fuel Tax and Bonding Net Proceeds	4,100	1,000	800	5,900
Fuel Tax Replacement	1,100	2,100	2,700	5,900
HOT Lanes and Facility Toll Revenues				
HOT and Facility Toll Proceeds	5,600	1,100	0	6,700
Highway System Tolls (VARIOUS MODELED)	0	2,700	24,700	27,400
Offsetting fuel tax	0	0	(8,800)	(8,800)
Total New Revenue	15,000	18,200	30,900	64,100

Figure 26 summarizes the financial information in a single table, with investment needs, current law revenues, and new revenues identified for each of the major programs.

FIGURE 26. Financial Summary, 2010-2040 (MILLIONS OF 2008 DOLLARS)

	NEEDS			REVENUES			UNPROGRAMMED INVESTMENTS
	BASIC	NEEDS EXPANSION	TOTAL	CURRENT LAW	NEW REVENUE	TOTAL	
Counties	6,800	9,000	15,700	8,800	6,900	15,700	700
Cities	14,200	13,400	27,600	20,100	7,600	27,700	200
Local Transit	52,400	4,900	57,300	44,500	12,800	57,300	4,900
Sound Transit	17,600	22,300	39,900	32,400	7,500	39,900	18,600
State Ferries	6,700	1,500	8,200	5,400	2,800	8,200	-
State Highways	10,600	23,200	33,800	14,100	19,700	33,800	8,800
Other Regional	-	6,800	6,800	-	6,800	6,800	3,300
Total	108,200	81,100	189,300	125,200	64,100	189,300	36,500