

2024 SUPPLEMENTAL TRANSPORTATION BUDGET SUMMARY HOUSE CHAIR & RANKING MEMBER (PSHB 2134)

The House Transportation Committee Chair and Ranking Member’s proposed supplemental transportation budget (House proposal) spends a total of \$14.3 billion, an increase of \$838 million from the enacted biennial budget. Much of the increase is for spending at the Washington State Department of Transportation (WSDOT) and made possible by 1) reappropriated federal funding (\$246 million overall); 2) increased carbon emission allowance auction revenues (\$340 million allocated for transportation purposes); and 3) increased Move Ahead Washington (package) spending from available balances (\$202 million). Reappropriated state funds also account for some of the increased spending.

Resource Changes

Overall, total expected traditional transportation revenue for the 2023-25 fiscal biennium are lower by \$56 million since the 2023-25 biennial transportation budget was adopted in 2023 (an 0.8 percent decrease). Traditional revenues include fuel taxes; vehicle and driver's license, permits, and fees (LPFs); ferry fares; and tolls.

Ferry operating revenues showed the largest percent decline in revenue at 7.7 percent down, or \$32 million. In part, this is due to ridership not rebounding to pre-pandemic levels as quickly as expected. LPFs have decreased the most in dollar terms, at \$46 million down, or 2.2 percent. This reflects weakness in registration and title growth across the board, relative to expectations in 2023. Some weakness in title growth is also reflected in lower revenue from the 0.3 percent sales and use tax on new vehicles.

On the upside, electric vehicle renewal fees are up by \$10 million since the biennial budget was adopted. In addition, the forecast for other revenues has increased by \$26 million, or 22 percent, due in part to some higher than expected property sales. Toll revenues are up a bit from a year ago, but differences among the tolled facilities are pronounced, with Interstate (I)-405 Express Toll Lanes, State Route (SR) 99 Tunnel, and Tacoma Narrows Bridge toll revenues cumulatively up by about \$30 million, and the SR 520 floating bridge toll forecast down by about \$24 million.

Looking at the MAW funding package adopted in 2022, revenues for the package funding sources are down by \$33 million for the biennium and \$131 million over a 10-year period. MAW revenues are largely dependent on LPF revenues so changes in MAW revenue tend to track with changes to overall LPF revenue.

Regarding non-traditional resources, revenues from the auction of carbon emission allowances under the Climate Commitment Act (CCA) have been stronger than expected, owing to higher demand for allowances. At the end of the 2023 Legislative Session, it was projected that the auctions would bring in \$1.9 billion over the course of the fiscal biennium; it is now projected that they will generate \$2.8 billion in revenue for the state. In the House proposal, \$340 million of this additional revenue is used to support CCA-related spending.

Expenditure and Policy Modifications

The House proposal includes a number of modifications to agency appropriation levels.

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Climate Commitment Act-related Activities

The House proposal includes the provision of \$350 million in additional funds from the Carbon Emissions Reduction Account (CERA), the Climate Active Transportation Account (CATA), and the Climate Transit Programs Account (CTPA), supported by revenues from the carbon emission allowance auctions under the CCA. A summary is shown in the table below.

Climate Commitment Act:	
Increased Transportation Spending for 2024	
	Total
<i>(Dollars in Thousands)</i>	
2023-25 Enacted Base	967,694
Transportation Reappropriations	16,070
Department of Transportation	
<i>Public-Private Partnerships</i>	
ZEV State Infrastructure Grants	30,000
Med./Heavy Duty Vehicle Voucher Pgm	15,000
ZAP EV Car Share - Low Income Comm.	5,000
Elimination of Equipment Set-Asides	-10,500
Other projects	2,885
<i>Ferries</i>	
Hybrid Electric Vessel Construction (incl. out-year set-aside)	104,897
Vessel & Terminal Electrification (incl. out-year set-aside)	49,000
<i>Rail</i>	
Port Electrification Projects	25,500
Ultra High Speed Rail (Move Ahead WA)	-50,000
<i>Public Transportation</i>	
Additional Zero-Emission Transit Grants	45,000
Other projects	1,167
<i>Planning</i>	
World Cup Transportation Planning	1,000
<i>Local Programs</i>	
Local electrification initiatives	16,982
Local active transportation projects	49,048
Department of Transportation Total	284,979
Department of Ecology	
Electric School Bus Program*	15,715
Dept of Enterprise Services	
State Fleet Electric Vehicles	14,000
ZEV Supply Equipment Infrastructure	14,000
Dept of Enterprise Services Total	28,000
Other Agencies	
Various projects	6,117
Supplemental Total	350,881

*The CERA amount is matched with an equal amount of MTCA funds.

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Private Sector Incentives-Zero-emission Activities. The House proposal includes \$50 million in additional CERA funding for the programs at the WSDOT Public-Private Partnership program for:

- Zero-emission Vehicle Infrastructure Partnerships (ZEVIP) Grant Program alternative fuel charging infrastructure grants for the deployment of alternative fuel vehicle charging and refueling infrastructure on state highways;
- the Zero-emission Access Program (ZAP) from the CERA for clean fuel car share grants to low-income communities not currently served with transit options; and
- a medium- and heavy-duty zero-emission vehicle voucher program.

Ferry Vessels/Electrification. The House proposal includes almost \$170 million in CERA funding for both state and local ferry vessel and terminal electrification efforts. At the state level, just under \$154 million is provided for hybrid-electric vessel construction, as well for vessel conversions and terminal electrification. Amounts include set-asides that would be provided in future biennia to fully fund the hybrid-electric Olympic Class Vessel Construction Program. At the local level, \$12 million is provided to support an all-electric replacement of the Guemes Island Ferry and \$4 million for the design and shore power for Kitsap Transit vessels.

Port Electrification. The House proposal includes \$25.5 million for port electrification efforts. This includes \$14 million in additional funding for the Northwest Seaport Alliance Zero-Emission Shorepower Demonstration Project and \$10 million to the Puyallup Tribe for shore power electrification and electric cranes.

Public Transportation-Zero-Emission Activities. As shown in the table, \$45 million of CCA-related funds are provided for additional zero-emission transit grants. In addition, \$900,000 is provided to implement certain recommendations from the 2023 frequent transit service study with a focus on accessibility for underserved communities.

Active Transportation. The House proposal provides \$49 million in CCA-related funding for various local pedestrian, bicycle, and sidewalk projects.

State Agency and Local School District Fleet-Zero-emission Vehicle (ZEV) Grants. Almost \$44 million in CERA funding is provided in the House proposal for state agency and local school district fleet electrification efforts. Funding in the amount of \$28 million is provided to the Department of Enterprise Services (DES) for ZEV supply equipment infrastructure to accommodate charging station installation and to enable DES to offset purchase costs of battery electric utility vehicles, to be partly reimbursed through agency use of federal tax credits. In addition, \$15.7 million (and combined with a matching amount of the Model Toxics Operations Account funds) is provided to the Department of Ecology (Ecology) for grants to local school districts to transition to zero-emission student transportation.

Capital Programs—Washington State Department of Transportation

The capital programs at DOT include the Highway Construction Program (Improvements and Preservation Programs); the State Ferries Capital Program; as well as Rail Capital, Transportation

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Operations Capital, Transportation Facilities Capital, and Local and Capital programs. The House proposal provides ongoing funding for these programs and addresses significant cost escalation in both the Highway Improvements Program and the Ferry Capital Program.

Highway Improvements. Several projects in the Highway Improvements Program received higher than expected bid proposals or have updated engineer estimates that exceed appropriated amounts provided in the 2023-25 biennial transportation budget. External cost and risk factors are creating cost escalations for state projects as well as transportation projects nationwide. Elevated costs are due to many factors including material cost volatility and availability; market conditions and competition among agencies; inflation volatility; labor shortages; newly identified fish passage barriers; and other risks.

Notable state megaprojects with increased costs include:

- SR 18 Widening Project (\$900 million increase over several biennia): The project has been rescoped into two phases. The original funding of \$655 million has been allocated for Phase 1 for improvements from the Tiger Mountain summit to the east down to Deep Creek, from milepost 23 to milepost 25, and roundabouts at the Issaquah Hobart Road interchange ramp intersections.
- SR 520 Seattle Corridor Improvements, including the Portage Bay Bridge Replacement and Roanoke Lid project (\$750 million in escalated costs over several biennia): WSDOT is directed to reject bids on the Portage Bay Bridge and Roanoke Lid Project and repackage the request for qualifications and proposal for the North Bridge portion only. It is the intent of the legislature to complete the southern bridge and Roanoke lid portion of the project at a future time.
- I-405 and SR 167 Corridor Program including the SR 522/Brickyard Project (\$275 million escalated costs over several biennia): To complete the corridor program within appropriated funds, three remaining projects will be delayed by 2-10 years, including the I-405 North 8th Street Direct Access Interchange.
- United States Route 395 North Spokane Corridor: This project is on schedule and budget. However, WSDOT will be conducting a Cost Evaluation Valuation Process update this year that may identify increased costs due to factors identified above.

The House proposal also provides additional funding for a couple of other significant programs:

- Funding in the amount of \$150 million in Move Ahead WA-State (MAW-S) is provided for the Fish Passage Barrier Removal Program in the 2023-25 biennium with the intent of fully complying with the federal *U.S. v. Washington* court injunction by 2030.
- An additional \$600 million in federal grant funding has been added to available resources beyond the 2023-25 biennium for the Interstate Bridge Replacement (IBR) Program to construct multimodal improvements to five miles of I-5 corridor between Washington State and Oregon including replacement of the bridge over the Columbia River.

Highway Preservation. The House proposal includes \$40 million for additional Highway Preservation from state Move Ahead WA funds in the 2023-25 biennium. This represents the initial investment of an advancement of \$200 million from the total 16-year MAW preservation commitment of \$1.5 billion, to take place in the current and two ensuing biennia. Highway preservation funding totals \$965 million in the 2023-25 biennium.

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Ferries Capital. The House proposal also includes additional funding for cost increases on projects concerning fleet electrification in Washington State Ferries (WSF). These projects include:

- the hybrid-electric conversion of all three of the Jumbo Mark II class vessels;
- construction of the hybrid-electric Olympic Class procurement (five vessels); and
- other terminal and vessel electrification projects.

The cumulative cost increases on these projects over several biennia amount to nearly \$250 million. In the current biennium, \$73 million is provided to cover cost increases, including \$35 million from CERA and the balance from various accounts.

Funding for a pre-design study for a potential next class of vessels is funded at \$1.5 million from the Puget Sound Capital Construction Account. The purpose of the initial work of this study is to determine whether a new vessel design is needed for vessels which serve the Triangle Route.

WSF is directed to plan for vessel preservation work at the levels originally funded in the 2023-25 biennial transportation appropriations act to the extent practicable and request additional funds in the 2025 supplemental transportation budget as needed.

Rail Capital. In addition to additional CCA (CERA Account) funding for ports, the House proposal includes \$2 million of state Multimodal funds to the Port of Quincy for an expansion of rail infrastructure and \$5 million from the Transportation Infrastructure Account as a low-interest loan for corridor expansion at the Port of Longview to accommodate current and future port cargo-handling needs.

Other Washington State Department of Transportation Capital. The House proposal provides \$4.8 million in state Motor Vehicle Account funds for vehicle repair parts for the vehicle fleet at WSDOT. In addition, \$4.1 million is provided for design of a replacement for a Transportation Equipment Fund Shed at Corson Avenue in Seattle.

Operating Programs

Department of Licensing (DOL). The House proposal includes \$2.4 million in state Highway Safety Account funds to prepare the Department of Licensing (DOL) and Washington for REAL ID implementation effective May 7, 2025. The federal REAL ID Act establishes minimum security standards for state-issued driver licenses and identification cards. Starting May 7, 2025, anyone traveling by airplane or visiting certain federal facilities must use a REAL ID-compliant document. The funding provided includes \$2.1 million for public awareness with \$400,000 for ethnic media buys and \$500,000 for grants to community-based organizations.

Funding is also provided for a few executive and legislative initiatives. Funding in the amount of \$1.2 million provided for a Prorate and Fuel Tax Discovery team to improve fuel tax laws enforcement. In addition, \$50,000 is provided for DOL to report on the costs to implement a per-mile fee program. Funding in the amount of \$150,000 is provided for DOL to assess opportunities to close availability and accessibility gaps in rural and underserved areas in its implementation plan for improving young driver safety.

Washington State Patrol. Reductions were taken in the 2023-25 enacted budget due to lower than expected staffing levels at the Washington State Patrol (WSP). The House proposal restores \$7.7 million

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of this cut to reflect improved expectations for filling trooper vacancies. This restoration also recognizes the costs of conducting day-to-day business with fewer staff.

Further recruitment and retention investments include an additional \$5.9 million for Trooper Basic Training Class and \$691,000 for a trooper longevity bonus program to retain experienced commissioned staff.

To continue the commitment to updating the Washington State Patrol Aircraft Fleet, the purchase of a second Cessna airplane with forward looking infra-red cameras is authorized for delivery in the 2025-27 biennium (\$2.2 million).

WSDOT / Toll Operations. The House proposal funds an increase in the insurance required to cover both the SR 520 floating bridge and the Tacoma Narrows Bridge with \$5.2 million in funds from the SR 520 Account and the Tacoma Narrows Toll Bridge Account.

WSDOT / Aviation. The House proposal includes: (1) \$300,000 in funding from the Aeronautics Account-State for the Port of Bremerton to conduct a study on the feasibility of offering commercial service at the Port of Bremerton Airport; and (2) \$2.6 million for the Pullman-Moscow Regional Airport for their terminal and runway realignment program, including capital purchases to support glycol recovery when used to deice planes.

WSDOT / Public-Private Partnerships. In addition to items mentioned in the CCA section above, the Public-Private Partnership Program is provided CCA (CERA Account) funds to assist several local government zero-emission vehicle efforts:

- \$360,000 is provided for Seattle City Light to install solar electric vehicle chargers in its service area.
- \$800,000 is provided for the cities of Bellevue and Redmond to each purchase an electric fire engine.
- \$1.7 million is provided for a Tacoma Public Utilities' medium-duty zero-emission utility service vehicle pilot project that includes charging infrastructure and mobile battery units.

WSDOT / Highway Maintenance and Transportation Operations. The House proposal funds several initiatives associated with the safety and security of the state highway system:

- \$2 million in additional resources are provided to address the risks to safety and public health associated with homeless encampments on state owned rights-of-way, bringing the highway encampment cleanup total funding for the biennium to \$13.5 million.
- \$1 million in funding is provided for a Graffiti Abatement and Reduction Pilot Program established with WSDOT to field test drone technology and testing of improvements to systems to identify graffiti property damage.
- \$1 million in funding is provided to develop a highway speed safety camera pilot program to test two or three automated traffic safety cameras on state highways with the goal of reducing speeding on state highways. No speeding infractions will be issued during the pilot.

In addition, \$23.5 million MVA-S is provided for the increased cost of materials, such as asphalt, gravel, and other materials required for roadway maintenance.

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WSDOT / Planning. \$1 million in CCA (CERA Account) is provided for WSDOT to work with the Seattle World Cup Organizing Committee to create plans that minimize the use of single-occupancy vehicles during large venue events.

WSDOT / Public Transportation. In addition to the CCA-funded items discussed previously, the House proposal includes \$100,000 of state Multimodal funds for a Rideshare Voucher Pilot for nonprofit organizations to offer rideshare vouchers to people with low-income or with disabilities.

WSDOT / Ferries. WSF to address crewing issues at WSF, House proposal includes:

- \$10 million Puget Sound Ferry Operations Account-State (PSFOA-S) for two additional crew to be added to each shift. At full implementation, 70 additional Ordinary Sailors and 90 engine room Oilers will be added, providing employees in these positions when others are not available to work.
- \$2.1 million PSFOA-S to double the number of Able-Bodied Sailors to gain credentials and pilotage experience to become Licensed Deck Officers.
- \$988,000 PSFOA-S to increase the number of engine room internships (Wipers) from 10 to 26.
- \$935,000 PSFOA-S to increase the number of dispatch staff available to fill crew openings around the clock.
- \$538,000 PSFOA-S to increase human resources staffing to ensure prompt hiring of new WSF employees.
- \$454,000 PSFOA-S to increase the class size and stipend for the New Mate Scholars to complete training at the Marine Institute of Technology and Graduate Studies and meet pilotage requirements.

The House proposal also provides local service enhancements, funded at \$7.2 million PSFOA-S, including enhanced passenger-only ferry service provided by Kitsap Transit from Seattle to Bremerton and by King County Metro from Seattle to Vashon Island.

WSDOT / Rail. The House proposal includes two initiatives relating to the federal Corridor ID program, a comprehensive intercity passenger rail planning and development program that is intended to help guide intercity passenger rail development throughout the country and create a pipeline of intercity passenger rail projects ready for implementation. \$500,000 in federal funds is provided for the integration of Amtrak Cascades Service Development Plans from both Washington and Oregon to create a corridor plan for investments over the next 20 years. Additionally, \$500,000 in federal funds is provided for a Service Development Plan for a new high-speed rail corridor connecting Portland, Seattle, and Vancouver, B.C.

Washington Traffic Safety Commission. Funding of \$8.5 million in Highway Safety Account (\$8 million federal, \$500,000 state) is provided for public education and enforcement efforts and to increase grants to local jurisdictions and community-based organizations for projects in areas such as improving bike, pedestrian, and school zone safety.

Studies and Follow-Up Research

The House proposal includes several studies and follow up research initiatives.

For the Washington State Transportation Commission (WSTC):

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- \$250,000 (MVA-S) is provided for a study evaluating possible approaches for addressing the impacts of licensed non-commercial vehicles that are of heavier weight and greater size than a standard vehicle.
- \$250,000 (MVA-S) is provided to carry out engagement on recent Road Usage Charge research completed by the WSTC to develop updated revenue forecasts for motor fuel taxes and road usage charging, and to consult with other states to develop concepts for future multi-state road usage charging.

For the Joint Transportation Committee:

- \$477,000 (CERA-S) is provided to conduct a study of the impacts of implementing California's emissions standards for ocean-going vessels at berth in Washington.
- \$500,000 (PSFOA-S) is provided for a work group to prepare for the 75th anniversary of WSF. The workgroup will review ferry system funding requirements, develop options to increase dedicated funding for the ferry system, and gather feedback about the impacts of the system on the communities it serves. A related economic impact study of the ferry system on the statewide economy will provide input into these discussions.

For WSDOT:

- \$500,00 (MMA-S) is provided to the Program Delivery, Management, and Support Program to explore alternative uses of the state's highway rights-of-way, review and make recommendations to update its utilities accommodation policy, review and update the department's vegetation management plans, and identify existing highway rights-of-way suitable as designated energy corridors.
- \$75,000 (SR 520-S) funding is provided to the Tolling Operations and Maintenance Program for an actuarial review on self-insuring the SR 520 Bridge.

For the Washington State Institute for Public Policy:

- \$125,000 (MMA-S) is provided to conduct an assessment and literature review regarding air travel demands.