

2025-27 Biennial & 2023-25 2nd Supplemental Transportation Budgets Summary (ESSB 5161)

2025-27 Biennial Transportation Budget

The final conference budget combines 2023-25 supplemental budget changes and a new 2025-27 biennial budget into ESSB 5161. This bill provides \$15.5 billion in spending authority for the 2025-27 biennium, with \$9.2 billion for capital expenditures and \$6.2 billion for operating expenditures. The 2023-25 supplemental budget is adjusted down by \$1.3 billion to \$13.2 billion, with \$7.2 billion for capital expenditures and \$6 billion for operating expenditures.

Spending in the 2025-27 biennial budget relies on a mix of existing revenues and new revenues in ESSB 5801 & 2SSB 5802. Even with these additional revenues, some planned projects have been delayed, allowing for a balanced, 4-year spending plan.

Revenue Projections & Resources

In the March 2025 transportation revenue forecast, the projections for fuel tax revenues were increased from the most recent November 2024 quarterly forecast. Even with this upward revision, the March 2025 fuel tax projection is approximately \$1.7 billion below the February 2024 fuel tax projection over a ten- year period.

Most other transportation revenue sources are projected to increase in future years. However, since fuel tax collections represent 44 percent of total forecasted transportation revenues, the decline in fuel tax revenue represents a limitation on overall available transportation resources.

The proposed budget is supported by new resources in E2SB 5801 which includes increases in the state fuel tax, truck and passenger weight fees, the rental car tax, and the motor vehicle sales tax as well a new luxury tax on certain higher priced vehicles. Over the next 6 years, these new resources total over \$3 billion. The proposed budget is also supported by a permanent dedication of 0.1 percent of the current 6.5% sales and use tax in SSB 5802, which provides additional resources of approximately \$300 million per year starting in fiscal year 2028. Please see supporting documents available on fiscal.wa.gov for more details on these two pieces of legislation.

As in prior years, the proposed budget is further supported by federal funds, bond sales, and some pre-existing account balances. All transportation accounts are anticipated to be balanced through the 4-year planning horizon. Bonding is assumed from several accounts totaling almost \$3.3 billion (see table below). Actual bond sales will be determined based on project schedules and will be adjusted throughout the biennium.

A new bond authorization for the Interstate 5 Bridge Project (SHB 1958) was authorized, allowing for tolls on this project to be bonded as a future funding source for this project.

Bond Proceeds supporting the 2025-27 Transportation budget:

Bond Fund Title	2025-27 (millions)
Transportation Partnership Account	879
Special Category C	102
2003 (Nickel) Account	212
Motor Vehicle Account	30
Connecting Washington Account	1,586
Puget Sound Gateway Facility Acct	88
I-405/SR 167 Express Toll Lanes Op	375
Total	3,273

Capital Projects

Most capital project spending in transportation represents a continuation of priorities defined in prior years and is updated annually in each year's enacted budget. Projects underway include investments added in 2003 (Nickel Package), 2005 (TPA Package), 2015 (Connecting WA Package), and 2022 (Move Ahead WA), including multi-year investments planned for Climate Commitment Act (CCA)-related expenditures. Projects from the Nickel and TPA packages are mostly complete; projects from the Connecting WA and Move Ahead WA packages are well underway, with large amounts scheduled for construction in the 2025-27 biennium. Due to fiscal constraints and concerns about the economic outlook, some state and local programs projects that were not under contract have been delayed in this budget. Please see LEAP Transportation Document 2025-2 ALL PROJECTS and LEAP Transportation Document 2025-1 for project schedule details.

Fish Passage Barrier Removal

Federal court injunction requirements regarding fish barrier removal mandate that access to 90 percent of blocked habitat of significant gain be restored through the correction of identified barriers by 2030. This budget provides a total of \$1.09 billion in the 2025-27 biennium, an increase of \$125 million compared to the previously enacted plan. The budget adds \$1.12 billion in additional funding for the culverts program across all biennia compared to the 2024 enacted plan.

Washington State Ferries Projects

The Washington State Ferries (WSF) improvement plan currently includes new hybrid-electric ferry construction, as well as terminal and vessel electrification projects. The completion of the first Jumbo Mark II vessel conversion has been delayed by a year. The cost of the vessel conversions decreased with the

postponement of the MV Tacoma and MV Puyallup from the \$219 million provided in the 2024 Enacted budget last year to \$158 million. A decision to pursue conversion of the two remaining Jumbo Mark II vessels will be made following the 2026 FIFA World Cup. Cost estimates have increased for terminal electrification from the \$160 million in the 2024 Enacted budget to \$288 million. Funding for electrification of the Bainbridge and Kingston terminals have been delayed as a result of the schedule changes for the vessel conversions and timeline of new vessel construction. Funding has been updated to reflect the current timeline of the procurement process for new hybrid-electric Olympic-class vessels and Washington State Ferries has been authorized to use additional financing mechanisms for procurement. Prospective bids will be due in May 2025.

Highway System Preservation and Maintenance

Preservation program funding remains roughly at planned levels for 2025-27. Funding for these activities in the 2025-27 biennium is \$286 million in state funds and \$903.6 million in all funds, which is essentially unchanged from the level projected in the 2024 supplemental transportation budget, with minor adjustments recommended by WSDOT. The conference plan adds \$200 million for the preservation program in the 2027-29 biennium.

A total of \$656 million in funding is provided for the WSDOT Highway Maintenance Program. Funding in the base for this program includes \$8.1 million for measures to address safety and public health concerns associated with homeless encampments on state rights-of-way. \$3.4 million in toll funding is added for increased maintenance and operating costs associated with new toll systems being implemented during the 2025-27 biennium. Intent to increase Maintenance Program funding by \$50 million in the 2027-29 biennium is indicated in the budget notes.

To assist local governments with preservation and maintenance needs, the proposed budget provides local governments with increased resources of \$49.7 million in the 2025-27 biennium and \$101.9 million in the 2027-29 biennium. This takes the form of distributions from fuel tax proceeds, establishing a new county local road program, additional Complete Streets grants to cities, and other additional distributions from E2SSB 5801.

Ferry System Preservation

The state's ferry system includes 20 marine terminals and 21 car and passenger ferries. Spending on the preservation of these vessel and terminal assets is increased by approximately \$100 million, to a total of \$359 million, for the 2025-27 biennium.

Climate Commitment Act (CCA) Spending

Total CCA appropriations are \$1.36 billion in 2025-27 and span both capital and operating programs in the transportation budget.

Climate Commitment Act Investments	2025-27 Amount (millions)
Active Transportation	316
Rail & Freight	91
Ferries	230
Public Transportation	461
Electrification and Alt Fuels	225
Total CCA Investments in 2025-27	1,324

Climate Commitment Act Investments include:

- \$127 million for ferry terminal electrification.
- \$33 million for the Sandy Williams Connecting Communities program (\$8.2 million reappropriated amounts).
- \$26.2 million for port electrification competitive grants.
- \$7.5 million for the high-speed rail program.

Other Transit and Active Transportation Spending

Due to the limitations of the current funding environment, reductions are also taken to some grant programs. Transit coordination grants (-\$2 million) and Rideshare grants (-\$5.29 million) have been reduced in 2025-27. For 2027-29 and 2029-31, there are no new planned grants for Regional Mobility or Rideshare grants. Transportation Demand Management Grants are reduced by \$5.7 million in 2027-29 and 2029-31.

Funding for the Pedestrian and Bicycle Safety Grant Program and the Safe Routes to Schools Program is preserved. Amounts provided from climate-related funds are also not affected.

Space Efficiency and Planning.

\$5.6 million in net savings are achieved by WSDOT consolidating and reducing space used at the Washington State Ferries headquarters building in Seattle and several facilities in the Olympia area. These actions should result in approximately \$13 million in savings in the 2027-29 biennium. WSDOT is directed to continue actively looking at further facility efficiency measures that could reduce costs in the future.

Other Efficiencies (Operating & Capital).

Various efficiencies that are expected to result in reduced costs are included in this budget proposal. For example, the Transportation Commission is directed to hold its meetings in Olympia or virtually to reduce travel costs. Ferry preservation

and highway preservation funding is shifted to programmatic appropriations with the intent of providing WSDOT with more project delivery flexibility. WSDOT is directed to review opportunities and efficiencies associated with the consolidation of ferry managed facilities with WSDOT facilities management division. WSDOT is directed to explore risk pooling on projects as a potential efficiency measure. WSDOT ferries division is authorized to complete higher value vessel work in-house, which is expected to save time and reduce cost.

Driver Safety

The budget provides a total of \$30 million to support driver safety on Washington roadways. This includes over \$18 million related to speed safety cameras in WSDOT work zones and over \$10 million for young driver legislation.

Washington State Patrol Workforce

The budget provides over \$16 million for initiatives supporting WSP workforce development. These include incentives and bonuses for cadets and lateral hires, longevity bonuses for troopers, additional training staff, two trooper basic training classes, and three lateral training classes. In addition, \$52 million in one-time savings is taken for anticipated trooper and non-field service vacancies.

2023-25 2nd Supplemental Transportation Budget

Changes to 2023-25 transportation spending levels address delayed spending and a few emergent priorities. Appropriations are reduced by \$1.3 billion on net, in large part a reflection of delayed highway construction and preservation activity, as well as delays to local road network, active transportation, transit, and ferry electrification projects. \$9 million of savings is recognized due to a move to self-insurance on the SR 520 bridge facility; these savings are ongoing. One-time vacancy savings are taken at the WSP and DOL due to lower than anticipated staffing levels.

The revised spending proposal also includes some increases. \$13.8 million is restored for the WSDOT Highway Maintenance Program to ensure continued service levels and maintenance of state roadways. \$9.8 million is provided to WSDOT for anticipated legal costs. For the WSP, \$4 million is provided for an additional cadet class, as well as \$1 million to ensure adequate staffing in the agency's training division.