

# 2025 Chair Proposed Current Law Transportation Budgets PSSB 5161

## 1: 2025-27 Biennial Transportation Budget

## 2: 2023-25 2<sup>nd</sup> Supplemental Transportation Budget

The 2025 Chair Proposed Current Law Transportation Budget combines 2023-25 supplemental budget changes and a new 2025-27 biennial budget into PSSB 5161. The spending items in these budgets are based on existing revenues and have been reduced to allow for a balanced, 6-year spending plan.

Information on additional fish passage barrier removal funding will be available when the capital budget is released.

### **Revenue Projections**

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.

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 6-year planning horizon. Bonding is assumed from several accounts totaling almost \$2.5 billion (see table below). Actual bond sales will be determined based on project schedules and will be adjusted throughout the biennium.

<b>Bond Fund Title</b>	<b>2025-27 (millions)</b>
Transportation Partnership Account	607
Connecting Washington Account	1,394
Puget Sound Gateway Facility Acct	80
I-405/SR 167 Express Toll Lanes Op	375
<b>Total</b>	<b>2,456</b>

## **1: 2025-27 Biennial Transportation Budget**

**Summary numbers.** The Senate proposed current law budget provides \$14.4 billion in appropriation authority. \$8.4 billion is provided for capital projects and programs, and \$5.9 billion is provided for operating programs. Both operating and capital programs have been significantly reduced which results in a budget that is forecast to be balanced over the next 6 years. Operating budget reductions total \$156 million, including furloughs, staffing reductions, and other specific functional reductions. Some funding items are restored in the new revenue budget (PSSB 5160).

Capital program reductions total \$1.3 billion in the biennial budget timeframe and \$4.5 billion over the 6-year plan, compared to WSDOT's latest cost estimate for the 2024 enacted capital plan. The majority of capital program reductions are restored to original amounts and schedules in the new revenue budget (PSSB 5160).

### **Operating Programs: 2025-27 Biennial Transportation Budget**

The Senate proposed 2025-27 operating budget includes about \$5.9 billion in expenditures in operating programs.

### **Budget Reductions & Efficiencies**

**Furloughs.** Furlough reductions (unpaid leave) of 13 days in fiscal year 2026 provide savings of \$13.4 million. Exemptions from furloughs include those at State Patrol, vessel & terminal employees, WSDOT maintenance, incident response, traffic management, tolling division employees, and others requiring backfill as determined by the Office of Financial Management (OFM).

This policy will move forward in Senate Bill 5792, along with furloughs for staff funded in the general fund operating budget.

**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. And WSDOT ferries division is authorized to complete higher value vessel work in-house, which is expected to save time and reduce cost.

**Studies:**

- The Washington State Patrol is required to report on demographic disparities that might exist regarding traffic stops initiated by troopers, including traffic stops of indigenous motorists.
- \$108 thousand for the Washington State Institute for Public Policy to begin to develop an inventory of evidence-based, research-based, policies and programs aimed at reducing impaired driving and the resulting traffic fatalities and serious injuries.
- \$600 thousand for WSDOT's tolling program, in coordination with the Transportation Commission, to develop a Long-Range Tolling Feasibility Assessment.
- \$3.5 million for a level 3 traffic and revenue analysis of additional tolling on the SR 520 corridor and related environmental planning.
- \$75 thousand for a study at the Evans School of Public Policy to recommend updates to WSF customer engagement systems. Pending results of the study, ferry advisory committee activities are suspended for the duration of the 2025-27 biennium.
- WSDOT's Office of Equity and Civil Rights is authorized to contract with Western Washington University to analyze the economic benefit to the Washington state economy of utilizing small businesses on department projects.
- The Transportation Commission, in coordination with WSDOT, is directed to study the potential costs, impacts to toll rates, and policy options related to continuing tolls to cover operations and maintenance costs on the Tacoma Narrows bridge after financing obligations are satisfied, and to report on this work as part of its 2026 Tacoma Narrows bridge loan update.
- WSDOT's tolling program must report on:
  - Preparations for procurement of a new roadside toll system and any recommendations to reduce the long-term costs of the toll system, enable more flexible operations, and increase compliance in high occupancy vehicle and express toll lanes through advanced roadside technologies; and
  - Recommendations to further reduce mailing and other customer correspondence costs over the long-term, including implementation cost estimates.

## Notable Operating Expenditure Adjustments:

- **Washington State Patrol**

Additions:

- \$10.2 million for two additional cadet academies and cost increases for the academies in WSP's base budget to help fill trooper vacancy positions.
- \$8.1 million for WSP's costs and other agency reimbursements for Work Zone camera speed enforcement.
- \$2.6 million for information technology related needs.
- \$800 thousand for increased chain enforcement on I-90 in the area around Snoqualmie Pass.
- \$562,000 thousand for higher costs associated with the replacement of an aging Cessna aircraft.

Savings/Fund Source Shifts:

- \$57.2 million based on projected vacancies in field force troopers, and other commissioned and non-commissioned staff positions (\$4.7 million of the vacancy reduction is restored in new law).
- \$4.2 million for recruitment bonuses and longevity bonus is shifted from current law to a new law revenue source.

- **Department of Licensing**

Additions:

- \$5 million to continue planned replacement of aging server and network equipment.
- \$150 thousand for sending periodic notifications to vehicle owners with significantly expired vehicle registrations to increase compliance with annual vehicle registration requirements.

Savings/Fund Source Shifts:

- \$13.7 million by eliminating 55 of the approximate 80 staff positions for addressing the expected increased driver's license workload associated with Real ID implementation in May 2025 and other workload demands in the licensing service offices.
- \$5.1 million by replacing vehicle renewal letters with postcards.
- \$2 million from aligning funding for credit card payments based on updated projections.
- \$243 thousand from discontinuing specific funding for the Slow Down Move Over law.
- \$148 thousand from improved mail sorting procedures.

- **Department of Transportation - Highway Operations and Maintenance**

Additions:

- \$34 million for operations and maintenance of tolled highway system additions.
- \$12.4 million for additional maintenance, operations, and other activities before and during the 2026 World Cup.
- \$10.6 million for the Work Zone Speed Cameras program.
- \$4.3 million of federal funds for additional planning and research.
- \$3.7 million for I-90 Snoqualmie Pass winter operations improvements.

Savings/Fund Source Shifts:

- \$13.2 million reduction for SR 520 floating bridge insurance due to switch to self-insurance.
- \$12.8 million for low-cost highway enhancements and addressing emergent bike/pedestrian issues is shifted from current law to a new law revenue source.
- \$7.4 million for transportation management, delivery support, planning, data and research is shifted from current law to a new law revenue source.
- \$2 million reduction in funding for resolving encampments on highway right-of-way.
- \$1.6 million reappropriated for highway data systems modernization is shifted from state to federal funds.
- \$306 thousand reduction for land use and development coordination.

- **Department of Transportation – Ferries**

- \$2.75 million for terminal security and traffic control.
- \$3.4 million for enterprise asset management and customer notification systems.
- Savings and reductions totaling \$4.2M to adjust workforce program size to ongoing needs. Amount is restored as part of additional vessel crew expenditure in new resources spending.

- **Department of Transportation - Public Transportation**

- \$8 million to support transit agency enhancements for the 2026 World Cup.

- **Department of Transportation - Other Programs**

- \$102 thousand is saved from suspending administrative fees paid to WaTech for management of contracted mainframe services.

- **Transportation Commission**
  - \$250 thousand in savings from holding meetings in Olympia or virtually. Additionally, Commission membership levels and functions are reduced (see resources bill, S-2391.3).
  - \$6 million of federal spending authority is provided for continued Road Usage Charge planning and research.
  
- **Joint Transportation Committee**
  - \$75 thousand for a study to review consolidating ferry facilities costs into the WSDOT facilities program.
  - \$520 thousand is reduced, with funding for one FTE shifted to the new revenue budget.
  
- **Other Agencies:**
  - All Transportation Budget funding for State Parks (\$1.18 million) is shifted to the new revenue budget

**Capital Programs: 2025-27 Biennial Transportation Budget**

The 6-year current law capital spending plan has been reduced and balanced over a 6-year planning horizon. Total capital spending is \$8.4B in in 2025-27. The highways and ferries capital programs experienced cost increases of \$1.9 billion over six years for projects planned in the 2024 enacted budget. These increases are largely accommodated across current law and new revenue budget proposals. However, balancing the capital program in the current law budget required some projects to be shifted from the current law budget to the new revenue budget. These shifts are responsible for a large majority of the reductions to the highways and ferries capital programs in the current law budget.

The majority of projects in the highway improvement program that were not under contract have been delayed beyond six years in the regular budget and are restored to prior schedules in the new revenue spending bill (PSSB 5160). Please see LEAP Transportation Document 2025-2 ALL PROJECTS and LEAP Transportation Document 2025-1 for project schedule details.

Reappropriations from 2023-25 account for about \$1.4 billion of spending in the 2025-27 capital program. \$1.3 billion in 2025-27 project spending has been removed from this budget to stay within available revenues, and \$940 million of this has been restored in the new revenue spending bill. Over the six years spending plan \$4.5 billion was removed, and \$3.4 billion is restored in the new revenue spending bill. Highway preservation spending has been increased by \$100M in 2025-27 compared to the Governor Inslee budget in current law and matches Governor Inslee's preservation funding over six years. 2025-27 marks the first year of a separate capital program for WSDOT's Public Transportation Program. Separating out operating expenditures from capital will provide more clarity on long term commitments to public transportation discretionary grant

programs and projects. Please see LEAP Transportation Document 2025-2 ALL PROJECTS for details.

Other notable items in the capital program include:

- \$120 million more for Fish Passage Barrier Removal compared to the 2024 enacted plan, excluding reappropriations. This is the same policy as Governor Inslee's proposal. Information on additional Fish Passage Barrier Removal funding will be available when the capital budget is released.
- \$25 million for Wenatchee hybrid vessel conversion and preservation, following postponement of the MV Tacoma and MV Puyallup hybrid propulsion conversions. Amount has been reduced with intent to follow recommendations of WSF and the Governor for project continuation.
- \$167 million for terminal electrification, with \$46 million for the Bainbridge terminal moved to 'future' funding pending assessment and recommendations by WSF.
- A total of \$225 million of Move Ahead WA account reduced from the hybrid vessel construction project and moved to new resources spending bill.

2025-27 Highway Project Funding in Current Law Includes:

- \$904 million for the Highway Preservation Program.
- \$902 million for the SR 167/SR 509 Puget Sound Gateway project.
- \$587 million for the SR 520 Seattle Corridor Improvements - West End project.
- \$580 million for the I-5 Columbia River Bridge.
- \$464 million for I-405/SR 522 (Brickyard) to I-5 Capacity Improvements.
- \$173 million for the I-405/Renton to Bellevue - Corridor Widening project.
- \$138 million for I-90 Snoqualmie Pass - Widen to Easton.

**Public Transportation Capital:**

- \$37.4 million for new Green Transportation Capital grant projects.
- \$37.8 million for new Regional Mobility grant projects.
- \$38 million for bus & bus facility grants.
- \$8.2 million for new Tribal Transit mobility grant projects.

**Local Program Capital**

- Safe Routes to School Program (\$83 million) and Pedestrian and Bicycle Safety Grant (\$82 million).
- \$22 million for the Federal Funds exchange pilot program.
- \$105 million for the Columbia River Bridge replacement/Hood River to White Salmon.
- \$38.2 million for the Aberdeen US 12 Highway- Rail Separation Project.

## **Other Policy Items:**

### **Washington State Ferries**

- Washington state ferries is instructed conduct a renewable diesel demonstration project with a representative group of vessels in the fleet and make recommendations on fuel performance and possible procurement options.
- Authorization is granted to the Washington State Ferries to pursue certificate of participation (COP) financing options for new hybrid electric vessel construction.
- The threshold for maintenance at the Eagle Harbor Maintenance Facility is raised from \$100 thousand to \$500 thousand for the biennium.

### **Toll Facilities**

In 2025-27 tolling is anticipated to begin or be upgraded on the following corridors:

- Puget Sound Gateway: SR 167 1B sections and SR 509 1B sections will open and begin tolling.
- I-405: Renton to Bellevue Express Toll Lanes and new Toll Points on I-405 north of Bellevue will begin operations.
- SR 167 Renton to Puyallup: system upgrade to Express Toll Lane operations will take effect.

All facilities are assumed to have sufficient toll revenue to cover facility operating and capital expenditures in the 6-year planning horizon. Updated revenue modelling since the 2024 adopted budget shows sufficient capacity to cover recent increases on the SR 520, I-405, and Gateway projects for projects scheduled in the 6-year planning horizon in this budget. However, revenue sufficiency on the I-405/167 corridor depends on timely completion of the Renton to Bellevue project and commencement of tolling on this section. Tolls remains sufficient to cover needs on the Alaskan Way Viaduct and Tacoma Narrows bridge. See the LEAP capital projects list for related capital expenditure timing adjustments.

### Climate Commitment Act (CCA) Investments

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

	2025-27 Amount (millions)
<b>Climate Commitment Act Investments</b>	
Active Transportation	346
Rail & Freight	88
Ferries	296
Public Transportation	470
Electrification and Alt Fuels	161
<b>Total CCA Investments in 2025-27</b>	<b>1,360</b>

#### Investments include:

- \$148.9 million for ferry terminal electrification.
- \$33 million for the Sandy Williams Connecting Communities program (\$8.2 million reappropriated amounts).
- \$27.5 million in additional funds for the port electrification competitive grant program (\$53 million total).
- \$10 million for the high-speed rail program.

Major alternative fuel and electrification project spending includes over \$25 million for sustainable aviation fuel research, development, and grant funding:

- \$15 million for alternative jet fuel competitive grants.
- \$6.85 million for alternative jet fuel ecosystem buildout and market adoption.
- \$2 million for alternative jet fuel research and development.
- \$1.2 million for alternative jet fuel staffing and support services.

Other alternative fuel and electrification project spending includes:

- \$6.5 million for a zero-emission drayage truck demonstration project.
- From a reup of \$15 million for hydrogen refueling infrastructure grants for medium and heavy-duty vehicles, \$2.5 million to Community Transit for a hydrogen fuel cell demonstration project.
- \$1.5 million for Department of Ecology to provide nonproject Environmental Impact Statements and explore development of one or more nonproject EISs for alternative jet fuel production pathways.

## **2: 2023-25 2<sup>nd</sup> Supplemental Transportation Budget**

The 2025 Chair's Proposed Supplemental Transportation Budget includes \$13.2 billion in appropriation authority, with \$7.2 billion for capital and \$6 billion for operating. The incremental changes as compared to the 2024 enacted budget are a decrease of \$332 million in operating expenditures and a decrease in capital spending of \$1.3 billion. These decreases are mainly attributable to grant programs and capital projects being moved from the 2023-25 biennium into the 2025-27 biennium. The majority of projects included in the 2024 enacted budget that were funded from Climate Commitment Act (CCA) with a January 1, 2025, start date have been reduced or removed from the supplemental budget and reappropriated into the 2025-27 biennial budget. A late start date and cash flow concerns are the main drivers of this. A more comprehensive list of CCA projects can be found in the 2025-27 biennial budget.

### **Operating: 2023-25 2<sup>nd</sup> Supplemental Transportation Budget**

- Various studies and grant programs that are not anticipated to be completed in the 2023-25 biennium are reduced across WSDOT and other programs. The majority of these are then reappropriated in the 2025-27 biennial budget.
- \$29.6 million increase to address self-insurance premium fund liabilities, offset by a matching backfill from the general fund.
- \$7.5 million in net lower projected spending in the Washington State Patrol which is primarily associated with higher than expected trooper and other vacancies and other savings being offset by funding provided for additional cadet academy costs.
- \$2.9 million in additional projected staff vacancy savings in the Department of Licensing which is partially offset by \$1.5 million in additional costs for abandoned RV reimbursements.
- \$9 million reduction for lower insurance costs for the SR 520 floating bridge due to the switch to self-insurance.
- \$13 million reduction in ferry operating related to various workforce program underspend.
- \$1.2 million reduction related to under expenditure of the wheeled all-terrain vehicle grant program.
- WSDOT Public Private Partnerships - \$111.4 million in alternative fuel and electrification projects reappropriated to 2025-27.
- \$13.8 million vacancy savings restoration for highway maintenance staff and materials.

### **Capital: 2023-25 2<sup>nd</sup> Supplemental Transportation Budget**

Total capital spending is \$7 billion in 2023-25, a reduction of \$1.5 billion from the 2024 enacted capital plan. About \$1.4 billion of this reduction is due to reappropriations. \$53 million of uncommitted 2023-25 highway project spending is shifted to the new law proposal and funded in 2025-27.