

2025 Chair Proposed New Revenue Transportation Budget PSSB 5160

2025-27 New Revenue Biennial Transportation Budget

The 2025 Chair Proposed New Revenue Transportation Budget represents spending that relies on increased revenues proposed in a new transportation revenue & resources bill, the transfer of 0.3% of currently collected sales tax revenues to the transportation budget, and bond proceeds.

New Revenue: Spending

The 2025 New Revenue Proposal invests \$9 billion over the next 6 years. Please see LEAP Transportation Document NL-2025-A for more details. For the 2025-27 biennium, \$279 million is appropriated for operating activities. The majority of operating funds are for restoration of activities reduced in the regular (no-new-revenue) budget PSSB 5161, highway preservation, and payment of debt service on bonds. For the 2025-27 biennium, \$1.8 billion in capital appropriations are provided. Of this amount, \$900 million is for restoration of projects removed from the regular (no-new-revenue) budget and \$440 million is for maintenance and preservation. 2025-27 spending is reflected in PSSB 5160. Please see supporting documents 'New Revenue 2025-27 Biennial Appropriation Detail' and 'LEAP Transportation Document 2025 NL-1' available at fiscal.wa.gov for item-specific information.

Over the next 6 years, spending is split between:

- \$2.6 billion to restore operating and capital spending that is outside the fiscal constraints of existing revenues. This includes restoring funds to various operating programs that have been reduced in the regular biennial budget, and Connecting Washington and Move Ahead capital projects.
- \$1.8 billion to increase funding for preservation across all modes.
- \$1.1 billion to complete partially funded portions of Move Ahead capital projects.
- \$700 million for new state and local safety projects.
- \$605 million for new ferry vessels and \$240 million for vessel and terminal preservation.
- \$375 million for highway maintenance staffing, equipment, and facilities.
- \$105 million to continue the existing rail crossing grant program and the Sandy Williams connecting communities program.
- \$6.7 million for the reducing rural roadway departures program to extend the existing program into 2029-31

- \$216 million for new active transportation safety, including \$66 million for active transportation safety investments for seniors and \$150 million for grants to link regional active transportation infrastructure.
- \$100 million for a new transit safety and security grant and \$100 million for the continuation and expansion of the green transportation capital grant program.
- \$100 million for supply chain infrastructure grants to ports and \$25 million for the expansion of the freight rail assistance grant program.

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

More specifically, significant investments over the 6-years of the 2025 proposal include:

Operating (\$ in 2025-27):

WSDOT:

- \$96 million for highway maintenance staffing, equipment, and facilities.
- \$20 million to restore reductions to WSDOT operating programs in the current law budget.
- \$12 million for additional software and IT infrastructure costs.
- \$10 million for I-5 master planning.
- \$2.6 million for winter ferry service expansion in the San Juan Islands.
- \$10 million for expansion of the Washington state intercity bus program, including frequency enhancements in preparation for the 2026 World Cup.

State Patrol:

- \$10.5 million to restore reductions in the current law budget for recruitment bonuses, longevity bonuses, and a portion of the vacancy savings.
- \$15.7 million is provided for a variety of increases including continuing lateral academies, additional vehicle replacements, and information technology needs.

Other Agencies:

- \$900 thousand for the University of Washington to encourage more students to consider careers in transportation, engineering, and related fields.

Capital:

Projects Eligible for Move Ahead WA Completion Funds Include:

- US 2 Trestle Capacity Improvements & Westbound Trestle Replacement
- SR 18 Widening - Issaquah/Hobart Rd to Raging River - Phase II
- SR 3/Gorst Area - Widening

- SR 520/124th Avenue NE Interchange Improvements Project
- SR 522/Paradise Lk Rd Interchange & Widening on SR 522 Design/Engineering)
- I-5 Nisqually Delta
- Columbia River Bridge Replacement/Hood River to White Salmon

Projects Eligible for Safety Project Funds Include:

- SR 14/West Camas Slough Bridge
- Bell Road-BNSF Railway Grade Separation (SR548)
- Bellevue Connection: I-405 Crossing (Downtown to Eastrail)
- US 2 Sultan Improvements
- US-12/Walla Walla Corridor Improvements
- Fishing Wars Memorial Bridge

Restored Capital Projects Include (\$ over 6-years):

- \$813 million to complete the North Spokane Corridor.
- \$539 million to complete phase 1 of widening SR 18.
- \$183 million to continue planning, design, and right-of-way acquisition for a new US 2 Trestle.
- \$167 million to complete I-90 Snoqualmie Pass - Widen to Easton.
- \$82 million to complete the I-5/179th St Interchange.
- \$79 million to complete the I-82 Yakima - Union Gap Economic Development Improvements project.
- \$72 million to complete the SR 510/Yelm Loop Phase 2 project.
- \$71 million to continue planning, design, and right-of-way acquisition for SR 3/Gorst Area - Widening.
- \$60 million for I-5 /Chamber Way Interchange Vicinity Improvements.

For details, please see the LEAP transportation documents posted on fiscal.wa.gov.

New Revenue: Revenues

- **Transportation Revenues.** \$3 billion over the next six years (through 2029-31) is raised from revenue increases in a transportation resources bill. Major sources include increases to the state fuel tax, electric vehicle fees, the rental car tax, and the tire disposal fee. New revenue sources include a new luxury vehicle tax and a large event transportation assessment. Please see supporting document Resources Bill (S-2391.3) Summary (includes new transportation revenues) available on fiscal.wa.gov for more details.
- **Sales Tax Revenue.** Beginning with the 2027-29 biennium, a statutory distribution of 0.3% of currently collected sales tax revenues is directed to the transportation budget. This change will happen in a bill that moves

through the Senate Ways & Means committee. Revenue estimates are approximately \$800 million per year from this source.

- **Bond Proceeds.** This proposal is accompanied by a bond bill (S-2371.1), allowing for funds to more easily match the spending curves of large capital projects. Bond proceeds are limited to funding highway related projects and activities.

New Revenue: Policy Items

Various policy additions. Several new policy proposals accompany the new revenue proposal. The policy changes include various provisions related to tolling policy, project permit streamlining, and new and revised grant programs, as well as other miscellaneous policy provisions. Significant changes include authorizing segment tolling on the SR 520 corridor beyond just the floating bridge, exempting transit projects from certain shorelines-related permits, streamlining the construction permit process for WSDOT projects, creating an optional expedited permit review and approval process for WSDOT fish barrier removal projects, establishing a transit safety grant program, and creating a new grant program at WSDOT linking population centers with active transportation connectivity infrastructure. Please see supporting document Resources bill (S-2391.3) Summary (includes new transportation revenues) available on fiscal.wa.gov for more details.

Loss of transfers. As part of the agreement to move a portion of the sales tax from general fund purposes to transportation purposes, several previously enacted transfers from the operating budget to the transportation budget were removed. In total, these transfers represent a loss of \$862 million over the 6-year period (FY2026 through FY2031). This loss of transfer revenue is more than offset by the 0.3% of sales tax now dedicated to transportation, expected to generate around \$800 million per year, or \$3.2 billion over the 6-year period.