

2026 Supplemental Transportation Budget Final Conference Budget

Context

In crafting the 2026 supplemental transportation budget, the conference budget agreement considered both increased costs associated with maintaining current law activities, increasing funds for preservation and maintenance, and policy adjustments. Due to the long-term nature of authorized transportation projects, the framework used to develop the budget includes balancing all transportation accounts for the 2025-27, 2027-29, and 2029-31 biennia. Addressing preservation and maintenance needs is the primary focus of this conference budget. The conference budget includes a limited bond authorization, sufficient to provide financial capacity for adding over \$1.5 billion in new maintenance and preservation funding through to 2029-31 biennia.

Summary

The supplemental budget provides \$16.6 billion in appropriation authority to continue legislative transportation priorities and to implement several new priorities. \$10.2 billion is provided for capital projects and programs, and \$6.4 billion is provided for operating programs. This represents a combined increase of \$1.2 billion over the 2025 enacted budget. Capital increases can be attributed to \$300 million in new preservation spending, reappropriations from 2023-25, and other timing adjustments. Operating budget increases can be attributed to \$40 million in increased maintenance spending, rising IT-related costs, additional federal funds, increased central service charges, reappropriation of grant funds, debt service, and studies.

The supplemental budget identifies funding levels for a 3-biennia planning horizon (through 2029-31) to provide clarity and certainty for long-term preservation planning and multi-biennia capital projects. Details on the new preservation funding are in the chart below.

New preservation & maintenance funding (\$ in millions):

Program	2025-27	2027-29	2029-31	6 Year Total
Highway Maintenance	40	80	80	200
Highway Preservation	300	500	500	1,300
Ferries Preservation	4	8	16	28
Total	344	588	596	1,528

Spending in the 3 biennia plan relies on a mix of existing revenues and a new \$800 million bond authorization proposed in PSSB 6225.

Project lists are available in additional documents included in this budget release.

Highway System Preservation and Maintenance

Preservation program funding is \$405 million higher for 2025-27 than in the 2025 enacted plan; including \$300 million of new state funding for additional highway preservation, \$65 million in federal funding for state highway flood recovery, and \$40 million of reappropriations of unspent funding from 2023-25.

A total of \$696 million in funding is provided for the WSDOT Highway Maintenance Program, an increase of \$40 million over 2025 enacted funding.

In addition to the \$65 million for state highway flood recovery mentioned above, the budget also includes a total of \$45 million for local highway flood recovery (\$30 million for county and \$15 million for city) for a temporary loan program to provide financial assistance for transportation infrastructure damage and impacts from the December 2025 weather events, pending federal reimbursement for these costs.

Ferry System Preservation

The state's ferry system includes 20 marine terminals and 21 car and passenger ferries with an average age of over 33 years. The supplemental budget increases spending for ferry system preservation by \$28 million over the next six years. Additional personnel will address emergent, unplanned preservation needs and provide less disruption to planned vessel preservation actions. Investments in Eagle Harbor increase capacity for vessel preservation when vessels are pulled from service for planned preservation activities and will allow the time that vessels are pulled from service to be used more efficiently and effectively.

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 Package), 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.

The 2026 supplemental proposal does not include major highway project cost increases like those of the last few years. The supplemental budget does make adjustments to delivery timelines as recommended by WSDOT for projects including the I-5 Columbia River Bridge, I-405/SR 522 to I-5 Capacity Improvements, US 395 North Spokane Corridor, and SR 9/Marsh Road to 2nd Street Vic - Widening with Bridge Construction. Consistent with historical under-expending on planning local projects, the supplemental budget adds an under-expenditure assumption in 2025-27 of \$180 million of the Local Programs \$1.2 billion project delivery plan. Please see LEAP Transportation Document 2026-2 ALL PROJECTS and LEAP Transportation Document 2026-1 for projects and schedule details.

Washington State Ferries Projects

Funding is accelerated for Washington State Ferries (WSF) to construct new hybrid electric vessels, with the first anticipated to be delivered in 2030. This proposal advances \$29 million of the project's total budget into the next four years to provide WSF the resources it needs to deliver these ferries. To operate the hybrid diesel-electric ferries as efficiently as possible, the proposal provides an additional \$31 million to fully fund the electrification of three terminals. The plan assumes that these terminals will be able to serve up to four electrified vessels by 2032.

Climate Emissions Reduction Account (CERA) Spending

Total CERA appropriations are \$1.52 billion in the 2026 supplemental budget, and span both capital and operating programs. An additional \$40 million in Climate Commitment Act funds allocated to the transportation budget via transfers from the operating budget allow for accelerated CERA spending on new hybrid ferries and also help offset the impacts of HB 2251 that adjusts future distributions of revenues to the CERA account. Funding for the Interagency EV Coordinating Council at \$2.1 million is shifted from the operating budget to the transportation budget. Additionally, the legislature plans to phase out funding from the CERA account for the statewide school-based bicycle education grant program, and transfers to the ferry operating account for the "Youth Zero-Fare" policy on Washington state ferries.

Other Transit and Active Transportation Spending

A total of \$107 million is added to the LEAP project list across the 2027-29 & 2029-31 biennia to restore funding for Regional Mobility Grants and Rideshare Grants, enabling new grant awards to proceed. A total of \$5.7 million is assumed in the 2027-29 biennium for Transit Demand Management Grants.

\$300,000 is provided for a regional connections action plan for the statewide development of active transportation infrastructure that connects population centers, supports mode shifts, and improves safety performance.

Efficiency and Planning.

Building on 2025 efficiency measures, WSDOT is directed to continue actively looking at further facility efficiency measures that could reduce costs in the future.

Traffic Safety Investments

The supplemental budget includes a variety of new traffic safety investments including:

- \$100 million is committed in 2029-31 for additional safety-focused preservation along high-risk corridors;
- \$600,000 for the 2027-29 biennium to continue to purchase telematics data that provides anonymized information on vehicles speeds and driving behaviors;
- \$500,000 for additional Tribal traffic safety support grants;
- \$250,000 for WSDOT to develop an implementation plan for a new Megaproject Safety Program;
- \$234,000 to report crash data and wrong-way driving violations at locations where wrong-way driving prevention strategies have been implemented;
- \$200,000 for the Traffic Safety Commission to work with the Department of Licensing and Washington State Patrol to evaluate and make recommendations for policies to improve ignition interlock device compliance;
- Direction that WSDOT must, within existing resources, complete an analysis of bridge strikes in Washington state within the last three years, and review best practices of interventions utilized by other jurisdictions;
- Direction that the Traffic Safety Commission designate an older driver safety awareness week and the Department of Licensing create a comprehensive website that includes informational resources on aging and driving and an online self-assessment tool for older drivers
- Establishment of an older driver reduced fee identocard program for currently licensed drivers aged 70 years or older who wish to replace their driver's license with an identocard or an enhanced identocard (see ESHB 2711).

Washington State Patrol Workforce

\$2.7 million is provided to restore a portion of the vacancy savings taken in the original 2025-27 budget based on the State Patrol running basic trooper academies more frequently in overlapping fashion. \$11 million is provided for a

variety of information technology and communication related items both for commissioned officers and the agency as a whole.

Looking Ahead

The 2026 supplemental transportation budget also includes a variety of initiatives and studies that look to future improvements including:

- \$1.5 million for WSDOT to begin implementing a low-carbon transportation materials program to reduce embodied carbon in transportation construction materials;
- \$1 million for Commerce to perform a SEPA review and issue a programmatic final EIS evaluating zoning changes for jurisdictions subject to transit-oriented development requirements;
- \$750,000 for the Joint Transportation Committee to convene a work group to consider options for long-term, financially sustainable vessel preservation and replacement, terminal improvements, ferry asset management and to conduct additional research including review of hydrogen vessels and in-state contracting preferences.
- \$100,000 for the Joint Transportation Committee to facilitate review of the long-term financial sustainability of the transportation budget.
- \$640,000 for the Joint Transportation Committee to continue to oversee a CERA investments tracking tool
- \$300,000 for the Joint Transportation Committee to conduct a freight-related study
- The Joint Transportation Committee is directed to complete within existing resources a review of agency reporting requirement and transportation-related liability issues.
- \$315,000 for the Washington State Institute for Public Policy to study uninsured motorist rates and data and perform an equity analysis;
- \$500,000 for WSDOT to study the feasibility of procuring and delivering the U.S. Highway 2 Trestle project under the public-private partnerships (P3) model;
- \$500,000 to study the feasibility of the state owning or leasing its own dry dock facility that would allow WSF to control scheduling, access, and work conditions for ferry vessel preservation;
- \$400,000 for a report on the state's maintenance and preservation needs, including recommendations for a sustainable and integrated delivery plan and a public education program on investment needs and options.

Revenue Projections

In June 2025, the revenue forecast incorporated the additional projected resources from ESSB 5801 and 2SSB 5802 enacted in 2025. Based on the original 2025 estimates, this increased resources by approximately \$4.4 billion for the 2025-27, 2027-29, and 2029-31 biennia. In the three forecasts since June, each subsequent quarterly forecast has been lowered which cumulatively has resulted in

decreased projections of \$842.5 million over this 6-year time period. In other words, 20% of the projected increase in resources from the 2025 session have been offset by decreased projections since then.

The primary reason for this lower projection is associated with declining fuel consumption. Given fuel tax collections represent 40% of total forecasted transportation revenues, the decline in fuel tax revenue represents a limitation on overall available transportation resources.

Other Resources

The supplemental budget also assumes the passage of ESHB 2711 (transportation resources), which revises various provisions enacted in ESSB 5801 during the 2025 session. It also makes a variety of other resource-related changes and modifies a variety of transportation policies. In terms of direct revenue impact, the legislation includes modifying provisions of the luxury vehicle tax and recreational vessels tax to apply trade-in value to the tax calculation, repealing the non-commercial luxury aircraft tax, increasing the aviation fuel tax, raising aircraft registration and excise taxes, and providing a temporary exemption for motor homes from the luxury vehicle tax.

The supplemental budget also assumes passage of ESSB 6354 (advancing transportation electrification) which is anticipated to increase resources for instant rebates for the purchase of used electric vehicles for vulnerable populations and to increase revenue to the Multimodal Transportation Account.

As in prior years, the supplemental 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 (2029-31). Bonding is assumed from several accounts totaling \$2.9 billion in 2025-27 (see table below).

Bond Proceeds supporting the 2026 Supplemental Transportation budget (\$ in millions):

Bond Fund Title	2025-27	2027-29	2029-31	3-Biennia Total
Transportation Partnership Account	685	301	135	1,121
Motor Vehicle Account	30	0	0	30
SR 520 Corridor Account	0	250	154	404
Connecting Washington Account	1,270	1,351	445	3,066
Special Category C Account	105	0	0	105
Puget Sound Gateway Facility Acct	50	153	10	213
Move Ahead WA Account	300	343	157	800
Transportation 2003 Acct (Nickel)	165	0	0	165
I-405/SR 167 Express Toll Lanes Op	375	151	39	565
Total	2,980	2,549	940	6,469

Actual bond sales will be determined based on project schedules and will be adjusted throughout the biennium.