

Senate Transportation Committee Chair & Ranking Member Budget Proposal 2026 Supplemental Transportation Budget

Context

In crafting the 2026 supplemental transportation budget, the Chair & Ranking Member considered both increased costs associated with maintaining current law activities and proposed 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 proposed budget.

Summary

The proposed budget provides \$17 billion in appropriation authority to continue legislative transportation priorities and to implement several new priorities. \$10.5 billion is provided for capital projects and programs, and \$6.5 billion is provided for operating programs. This represents a combined increase of \$1.5 billion over the 2025 enacted budget. Capital increases can be attributed to \$465 million in new preservation spending, reappropriations from 2023-25, and other timing adjustments and new spending. Operating budget increases can be attributed to \$45 million in increased maintenance/facility spending, \$40 million in new Climate Commitment Act spending, increased central service charges, reappropriation of grant funds, debt service, and other new initiatives.

The proposed 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 funding (\$ in millions):

Program	2025-27	2027-29	2029-31	6 yr total
New Maintenance & Facilities	45	90	90	225
New Preservation/Flood Recovery	465	410	500	1,375
Ferries –New Vessels (delta for accelerated funding for 3 in base only)*	24	20	(15)	29
Ferries -Preservation	3	12	85	100
Total	537	532	660	1,729

* Accelerated funding request for 3 vessels received from WSDOT in January 2026

Spending in the 3 biennia plan relies on a mix of existing revenues and new bond proceeds authorized in PSSB 6225.

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

Highway System Preservation and Maintenance

Preservation program funding is \$525 million higher for 2025-27 than in the 2025 enacted plan; including \$405 million of new state funding for additional highway preservation, \$65 million in federal funding, and \$15 million in state funding for state highway flood recovery, and \$40 million of reappropriations of unspent funding from 2023-25.

A total of \$697 million in funding is provided for the WSDOT Highway Maintenance Program, an increase of \$41 million over 2025 enacted funding.

In addition to the \$80 million for state highway flood recovery mentioned above, the proposed 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 proposed budget increases spending for ferry system preservation by \$100 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. Additional funding for the Fauntleroy Terminal addresses traffic concerns and makes the terminal less vulnerable to seismic activity and climate change.

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 proposed 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 proposed supplemental budget adds an under-expenditure assumption in 2025-27 of \$100 million of the Local Programs \$1.1 billion project delivery plan. Several new, small projects are added to the 3-biennia project 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 build two ferries by 2031, and permit WSF to exercise an option on a third ferry for 2032. 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.

The budget proposal assumes a pause on converting additional diesel vessels to hybrid diesel-electric propulsion until after the first new Olympic class hybrid diesel-electric ferry is delivered in 2030.

Climate Commitment Act (CCA) Spending

Total CCA appropriations are \$1.52 billion in the 2026 proposed supplemental budget, and span both capital and operating programs. An additional \$40 million in CCA funds allocated to the proposed transportation budget via transfers from the proposed operating budget allow for increased electrification spending in 2025-27, including:

- \$30 million for EV charging infrastructure grants in communities, including in multifamily residential homes and at convenience stores and gas stations;
- \$5 million for Tribal electric boats;
- \$2 million for increased costs associated with increased demand for free fares to qualifying youth under the age of 18 on Amtrak Cascades;
- \$500,000 for EV vehicles and infrastructure for a nonprofit delivering food to low-income households in Pierce County; and
- \$100,000 for an at-home, state fleet EV charging pilot program.

Other Transit and Active Transportation Spending

Several transit programs reduced in the 2025 enacted budget are restored in the 2026 proposed supplemental budget. Regional Mobility Grants, Transportation Demand Management Grants, and Rideshare Grants are funded in the 2027-29 and 2029-31 biennia at levels that assume new grant awards during those time periods.

\$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. To illustrate the importance of a regional connections action plan, funding is provided for three demonstration projects.

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 Senate proposed 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;
- \$1 million for Tribal Traffic Safety Coordinators to assist Tribes in implementing traffic safety strategies;
- \$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;
- \$289,000 for the implementation of SSB 5067 (impaired driving) which changes the legal blood alcohol concentration level for purposes of "driving under the influence" laws;
- \$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 the ignition interlock device financing program;
- \$105,000 for the implementation of E2SSB 6066 (crash prevention zones), which authorizes a crash prevention zone under WSDOT's jurisdiction on U.S. 395 near Pasco;
- 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 and the Department of Licensing must implement an older driver traffic safety awareness program, including a designated older driver safety awareness week (see SB 6352); and
- Establishment of an older driver reduced fee identicard program for currently licensed drivers aged 70 years or older who wish to replace their driver's license with an identicard or an enhanced identicard (see SB 6352).

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

- \$3.1 million for WSDOT to begin implementing a low-carbon transportation materials program to reduce embodied carbon in transportation construction materials;
- \$1.3 million to establish a program that allows an individual to get an optional mobile driver's license or identicard on their phone in addition to the physical version of these documents - expected by July 1, 2028;
- \$500,000 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;
- \$250,000 for the Joint Transportation Committee to evaluate the costs and benefits associated with the leasing of hydrogen or hybrid hydrogen ferry vessels; and
- \$100,000 for the Joint Transportation Committee to assess whether the state should retain or revise the credit provided to in-state bid proposals on hybrid diesel-electric ferry procurements.

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 proposed budget also assumes the passage of SB 6352 (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 repealing the non-commercial luxury aircraft tax, increasing the aviation fuel tax, raising aircraft registration and excise taxes, and implementing a \$1 driver's license and identicard fee to implement the mobile driver's license and identicard program.

The proposed budget also assumes passage of SB 6354 (advancing transportation electrification) which requires remittance of a portion of any increased revenue from the raising of the optional auto dealer document fee with: 25 percent deposited into the Electric Vehicle Account for instant rebates for the purchase of used electric vehicles for persons with household incomes at or below 300 percent of the federal poverty level; and 75 percent to the Multimodal Transportation Account.

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 (2029-31). Bonding is assumed from several accounts totaling \$3.2 billion in 2025-27 (see table below).

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

Fund	Bond Fund Title	2025-27	2027-29	2029-31
09H	Transportation Partnership Account	879	242	0
108	Motor Vehicle Account	30	0	0
16J	SR 520 Corridor Account	0	250	154
20H	Connecting Washington Account	1,389	1,256	422
215	Special Category C Account	102	0	0
23S	Puget Sound Gateway Facility Acct	50	153	10
26P	Move Ahead WA Account	250	600	250
550	Transportation 2003 Acct (Nickel)	165	0	0
595	I-405/SR 167 Express Toll Lanes Op	375	151	39
	Total	3,241	2,653	875

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