

Striking Amendment to ESSB 5801 (Resources Bill) Overview

Brief Summary of Striking Amendment:

- Increases the fuel tax rate for motor vehicle fuel and special fuel by 6 cents per gallon beginning July 1, 2025, an additional 3 cents per gallon for special fuel beginning July 1, 2025, and 3 cents per gallon for special fuel beginning July 1, 2027, and inflates the fuel tax rate by 2 percent per year.
- Increases a variety of transportation taxes and fees, including raising vehicle weight fees and raising the rental car tax.
- Increases the additional state retail sales and use tax rate applied to motor vehicles, imposes a retail sales and use tax on recreational vessels, and imposes a luxury retail sales and use tax on certain motor vehicles and certain non-commercial aircraft.
- Makes a variety of other resource-related changes and modifies a variety of transportation policies, including in the areas of tolling, project streamlining, grant programs, green transportation policy, traffic safety, active transportation, public transportation benefit areas, marine pilotage, and public-private partnerships.

Background:

Motor Vehicle Fuel Tax and Related Fees.

A state fuel tax rate of 49.4 cents per gallon applies to fuel licensees for both motor vehicle fuel (includes gasoline) and special fuel (includes diesel). Fuel tax revenue distributions are made to various state accounts and to counties and cities following specified percentage allocations.

The 18th Amendment to the Washington State Constitution requires that the state's fuel tax, vehicle licensing fees, and all other state revenue intended to be used for highway purposes be deposited into the Motor Vehicle Fund. Moneys in that fund may only be spent for highway purposes, which are defined to include expenditures on construction, preservation, maintenance, operation, and administration of highways and ferries.

Motor vehicles that use liquefied natural gas, compressed natural gas, or propane pay an annual license fee. The fee is calculated based on an amount related to gross vehicle weight which is multiplied by the cumulative fuel tax rate per gallon and divided by 12 cents.

Vehicle-Related Fees.

License Fees by Weight:

A person who operates a truck (other than a tow truck) on Washington public roads must pay a registration fee based on gross weight of the vehicle. The fee is based on two graduated schedules set by 2,000 pound (lb.) increments. One schedule applies to vehicles used exclusively for hauling logs or that do not tow trailers; the other schedule applies to all other

trucks. The fee is in place of the registration fee required of passenger and other vehicles. Trucks with a gross weight of 10,000 lb. or more must pay a freight project fee equal to 15% of the graduated schedule weight fee. In addition, trucks with a gross weight of 12,000 lbs. or less must pay an additional \$10 fee.

The weight fees for trucks are distributed as follows:

- 22.36 percent must be deposited into the State Patrol Highway Account;
- 1.375 percent must be deposited into the Puget Sound Ferry Operations Account;
- 5.237 percent must be deposited into the Transportation 2003 Account (Nickel Account);
- 11.533 percent must be deposited into the Transportation Partnership Account; and
- The remaining proceeds must be deposited into the Motor Vehicle Account.

Passenger Vehicle Weight Fees:

Certain vehicles are subject to passenger vehicle weight fees upon registration, including auto stages with six or fewer seats; for-hire vehicles with six or fewer seats; mobile homes; motorcycles; passenger cars; sport utility vehicles; and tow trucks. The fee is based on a graduated schedule set in statute:

- \$25, for vehicles up to 4,000 lbs.;
- \$45, for vehicles up to 6,000 lbs.;
- \$65, for vehicles up to 8,000 lbs.; and
- \$72 for vehicles above 8,000 lbs.

An additional \$10 fee applies to all vehicles subject to the passenger vehicle weight fee. Proceeds must be deposited to the Multimodal Transportation Account.

Registration and Title Service and Filing Fees:

A \$15 service fee is imposed for changes in a vehicle or vessel title certificate, or verification of a record and preparation of an affidavit of lost title. An \$8 service fee is imposed for a registration renewal, issuing a transit permit, accepting a vessel registration, accepting a report of sale, and accepting a transitional ownership record.

The service fees collected by the Department of Licensing (DOL) or a county auditor or other agent must be deposited into the Capital Vessel Replacement Account. The service fees collected by subagents are retained by the subagents.

A person pays a filing fee of \$4.50 for a vehicle registration or any other right to operate a vehicle on state highways, including transactions involving a report of sale, transitional ownership record, farm vehicle reduced gross weight license, or vessel registration. A person pays a filing fee of \$5.50 for a certificate of title for a vehicle or vessel. The filing fee distribution is dependent on the entity that collects the fee.

Abandoned Recreational Disposal Fee:

Applicants are required to pay a six dollars fee at the time of registration in addition to any other fees required by law for recreational vehicles (RV). The six-dollar fee is deposited into the Abandoned Recreational Vehicle Disposal Account to be used to reimburse registered tow truck operations and licensed dismantlers for the administrative costs of transport, dismantling, and disposal of abandoned RVs. The DOL is allowed to expend up to 15 percent in each fiscal biennium from the account for administrative expenses associated with operating the program.

Sales and Use Taxes.

Sales and Use Taxes. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. State sales and use tax revenues are deposited into the State General Fund.

An additional 0.3 percent sales and use tax on motor vehicle purchases was enacted in 2003. Revenue generated from the 0.3 percent sales and use tax on vehicles is deposited into the Multimodal Transportation Account for transportation purposes.

Rental Car Tax:

Rental cars are subject to an additional 5.9 percent state sales and use tax that is imposed on each rental car contract. Rental cars are also subject to some locally imposed taxes. Proceeds from the state rental car tax are deposited into the Multimodal Transportation Account.

Peer to Peer Vehicle Sharing:

Peer to peer vehicle sharing is generally described as a transaction in which a privately-owned vehicle owner uses a broker or online platform to connect with customers wishing to rent their vehicle. Current law provides regulations around vehicle safety certifications and auto insurance coverage. Personal vehicle sharing is subject to sales and use tax provisions, but not the rental car tax.

Other Taxes and Fees.*Tire Fee:*

A \$1 per tire fee is imposed on the retail sale of new replacement vehicle tires. Retailers are permitted to retain 10 percent of the fee for costs associated with the proper management of the waste vehicle tires by the retailer. The remaining 90 percent of the fee is paid to the Department of Revenue and may be appropriated to the Department of Ecology for cleanup of unauthorized waste tire piles with a distribution to the Motor Vehicle Fund based on fund balance each biennium.

Driver's License and Identicards:

DOL issues driver's licenses and identicards that are valid for up to eight years. The fee is \$72 for an eight-year driver's license or identicard, and \$54 for a six-year driver's license or identicard. An additional \$1 fee is imposed on each issuance or renewal of a driver's license or identicard.

Work Zone Safety Cameras:

The Washington State Department of Transportation (WSDOT) is beginning implementation of a speed safety camera in work zone pilot program that ends in fiscal year 2030. The penalty for a speed safety camera system violation is \$0 for the first violation and \$248 for a second or subsequent violation.

Washington State Ferries.

Ferry Fares:

The WSTC is required to impose two separate capital surcharges of 25 cents each. The surcharges are required in addition to every one-way and roundtrip fare purchased. The surcharges are deposited to the Capital Vessel Replacement Account and may only be used for the construction or purchase of ferry vessels and to pay for financing of new ferry vessels.

Ferry Vessel Procurement:

Current law requires WSDOT to contract for the acquisition of up to five new hybrid diesel-electric ferry vessels that can carry up to 144 vehicles. The contract or contracts may employ the following procurement methods: (1) design-build procedure, (2) design-bid-build process, or (3) lease with an option to buy.

Washington State Ferries Biodiesel Fuel:

State agencies must use a minimum of 20 percent biodiesel as compared to total volume of all diesel purchases made by the agencies for the operation of the agencies' diesel powered vessels, vehicles, and construction equipment. However, the transportation budget directs the WSF to use a minimum of 5 percent biodiesel for the operation of WSF diesel-powered vessels, as long as the price of a B5 or B10 biodiesel blend does not exceed the price of conventional diesel fuel by 5 percent or more

Toll Exemptions.

The Washington State Transportation Commission (WSTC) has provided a toll exemption for buses, including transit, school buses, and qualifying private buses serving employees or the general public.

State Route 520.

Tolls are currently imposed on State Route 520. Current law limits collection of the tolls to the floating bridge portion of the corridor.

Transit Project Permits.

Local transit agencies are required to obtain various construction permits as part of the project construction process, including shorelines-related permits. Transit agencies must comply with the SEPA process to determine environmental impacts of a proposed project—or National Environmental Policy Act, if federally funded.

Washington State Department of Transportation Project Permits.

WSDOT is required to obtain various permits as part of the project construction process. Some example permits include shorelines-related permits, hydraulic permits, asbestos abatement permits, and various environmental permits related to highway culvert projects involving multiple agencies and state and federal regulations. Under certain circumstances, WSDOT maintenance, repair, and replacement construction work is exempt from specified shorelines-related permit requirements, if WSDOT provides written notification to agencies with jurisdiction, agencies with facilities or services that may be impacted, and adjacent property owners. WSDOT must also comply with the State Environmental Policy Act (SEPA) process to determine environmental impacts of a proposed project—or National Environmental Policy Act, if federally funded.

County Road Administration Board.

The County Road Administration Board (CRAB) is a state agency, composed of county officials, established to support counties with funding for county road construction projects. The primary source of CRAB grant funding comes from accounts supported with a portion of state fuel tax distributions.

Active Transportation Grants.

WSDOT administers several active transportation grant programs, including the Sandy Williams Connecting Communities program to provide safe and continuous routes for active transportation users and a bicycle safety education grant program, and the School-Based Bicycle Education grant program to develop skills and street safety knowledge in primary and secondary education students.

Climate Commitment Act Transportation Accounts.

In 2021, the Legislature passed E2SSB 5126—the Climate Commitment Act (CCA) which directed the Department of Ecology to implement a cap and invest program to reduce greenhouse gas emissions consistent with the statewide statutory emissions limits. Certain revenue amounts generated from auction sales under CCA are deposited into a transportation account, the Carbon Emissions Reduction Account (CERA), to fund various activities intended to affect reductions in

transportation sector carbon emissions. In 2022, the Legislature created two new accounts to receive specified annual transfers from CERA to support both active transportation and transit grant programs, the Climate Active Transportation Account and the Climate Transit Programs Account.

Zero-Emission Vehicle Tax Incentives.

The EV battery and infrastructure retail sales and use tax exemption was extended in 2019 to apply to batteries sold as a component of an electric bus and to the sale of zero-emission buses. This tax exemption expires July 1, 2025.

Alternative Fuel Grant and Education Programs.

The Washington State University (WSU) Extension Energy program administers a technical assistance and education program focused on the use of alternative fuel vehicles. Education and assistance may be provided to public agencies, including local governments and other state political subdivisions.

WSDOT administers the Zero Emissions Vehicle Infrastructure Partnerships (ZEVIP) Grant Program, which provides funding for the installation of new and upgraded EV charging equipment and hydrogen fueling infrastructure along priority corridors. Priority corridors include only state routes.

WSDOT also administers the Zero Emissions Access Grant Program (ZAP), which provides grant funding for zero-emissions carshare pilot programs in underserved and low- to moderate-income communities that have limited access to public transportation or are in areas where emissions exceed state or federal standards.

These programs are subject to legislative appropriation through the 2023-2025 fiscal biennium only.

Fuel Conversion Activity Reporting.

Agencies that receive funding from Climate Commitment Act (CCA) revenue must report information to the Department of Ecology (Ecology) to assist Ecology in reporting on the use of CCA funding and its impact on reductions in greenhouse gas emissions. In the 2023-25 Transportation Budget, agencies that receive funding from the Climate Emissions Reduction Account were required to cooperate with the Joint Transportation Committee (JTC) as the JTC developed a tool for tracking the use of CCA revenue for fuel conversion activities.

Complete Streets.

Complete Streets is a set of principles to improve the safety, mobility, and accessibility of state highways with facilities that provide street access with all users in mind, including pedestrians, bicyclists, and public transportation users. The dollar threshold for projects requiring Complete Streets designs is \$500,000.

State Environmental Policy Act (SEPA).

The State Environmental Policy Act (SEPA) establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, including issuing permits or adopting land use plans. If the SEPA review process identifies significant adverse environmental impacts, the lead agency may deny a government decision or may require mitigation for identified environmental impacts. Certain project and non-project actions are categorically exempted from SEPA requirements, which are established by statute and regulations.

Traffic Safety Commission and Cooper Jones Active Transportation Safety Council.

In 2020 the Traffic Safety Commission (Commission) was directed by statute to convene the Cooper Jones Active Transportation Safety Council (Council). The Council was established for the purpose of reviewing and analyzing data and programs related to fatalities and serious injuries involving pedestrians, bicyclists, and other non-motorists. The work of the Council is intended to identify ways to improve the transportation system and identify patterns in the fatalities and serious injuries. The Council is comprised of stakeholders who have a unique interest or expertise in the safety of pedestrians, bicyclists, and other non-motorists, and may also invite other representatives of stakeholder groups to participate in the Council as it deems appropriate.

Shared Streets.

Cities may designate any nonarterial highway that is not a state highway to be a shared street. Nonarterial state highways that are the primary roads through a central business district may be designated as shared streets. A shared street is a city street where pedestrians, bicyclists, and vehicular traffic share a portion or all of the same street. Cities may establish a maximum speed limit of 10 miles per hour on a shared street.

Local Automated Traffic Safety Cameras.

Local automated traffic safety cameras may be used to detect a variety of moving violations, including on public transportation vehicle-mounted systems operated by a transit authority within a county with more than 1.5 million in population to detect bus stop zone violations.

Public transportation vehicles utilizing a vehicle-mounted system must post a sign on the rear of the vehicle indicating that the vehicle is equipped with a traffic safety camera to enforce bus stop zone violations. Transit authorities must provide to the appropriate local jurisdiction that has authorized a public transportation vehicle-mounted system any images or evidence collected establishing that a violation of stopping, standing, or parking in a bus stop zone has occurred for infraction processing purposes.

Public Transportation Benefit Areas.

Public transportation benefit areas (PTBA) are the most common type of local transit district, established at the county level and governed by up to nine elected officials selected by the

legislative bodies of the county and the component cities—if multicounty, up to 15 elected officials. PTBA boundaries may be less than countywide or full countywide.

Marine Pilotage.

The Board of Pilotage Commissioners (Board) is a state agency tasked with regulating marine pilotage services in Washington State. Among its duties, the Board is required to submit annual reports to the Governor and Legislature regarding various aspects of current marine pilotage services in the state. In recent years, the transportation budget has required the Board to include in the annual report updates on efforts to increase diversity of pilots, trainees, and applicants, including a diversity action plan.

Vessels not exempted from state pilotage requirements that operate in waters of the Puget Sound Pilotage District or the Grays Harbor Pilotage District are subject to compulsory pilotage and must be piloted by a person authorized to do pilot on waters in these districts. An exemption is granted from state pilotage requirements for vessels inbound or outbound from Canadian ports in certain designated areas if a pilot is licensed by the Pacific Pilotage Authority, the pilot licensing authority for the Western District of Canada), and if the vessel meets communication and navigational chart requirements. Oil tankers of 5,000 gross tons or greater are ineligible for this exemption.

Transportation Innovative Partnership Program.

The Transportation Innovative Partnership (TIP) Program provides a framework for project delivery through public-private partnerships (P3). The intent of the TIP Program is to provide a more desirable and effective approach to developing transportation projects in partnership with the private sector by applying lessons learned from other states and from the state's ten-year experience with the previously enacted Public-Private Partnership Program.

In 2023, the Legislature directed the Joint Transportation Committee to convene a work group to study and recommend a new statutory framework for the TIP Program. The work group was required to submit a preliminary report and any draft legislation recommendations by the end of 2023, along with a final report and draft legislation recommendations by July 1, 2024.

Fencing Along Rail Right-of-Way.

Under current law, all entities controlling or managing a railroad outside city limits must construct and maintain a substantial fence along each side of the railroad along the line of right-of-way, as well as safe and sufficient crossings, including a sufficient cattle guard, where the railroad crosses a highway.

License Plate Production.

During the last five years, the DOL has experienced license plate shortages due to license plate production issues. To address increasing license plate shortages, some license plate production has been contracted with third-party vendors. In September 2024, a temporary transition of all license plate types to flat, non-embossed plates was initiated.

Aeronautics Account.

Revenues generated from the state aircraft fuel excise tax are deposited into the state Aeronautics Account. Appropriations from the account have been for aviation-related purposes, primarily for local airport improvement grants.

Essential Public Facilities.

Under the Growth Management Act, comprehensive plans of cities and counties must include a process for identifying and siting essential public facilities. Essential public facilities are those facilities that are typically difficult to site, such as airports, correctional facilities, regional transit authority facilities, and solid waste handling facilities. Cities and counties may not preclude the siting of essential public facilities.

City Streets as Part of State Highways.

Under current law, certain highway operations costs of city streets that are also state highways is the obligation of the local jurisdiction, except in cities and towns with a population of 30,000 or less, in which case those costs are the obligation of WSDOT. Beginning July 1, 2028, that population threshold increases to 32,500.

Solicited Real Estate Transactions.

For real estate transactions that are executed on or after January 1, 2026, in which a property owner is solicited for the purchase of their property through public advertising or written, electronic, or in-person contact, and the property is not currently available or listed on the real estate market, the property owner has certain rights. The property owner has the right to: (1) an appraisal by a licensed appraiser; (2) receive notice from the potential buyer of the property owner's right to an appraisal; and (3) cancel the purchase contract without penalty or further obligation under certain conditions.

Registered Tow Truck Operators.

Registered tow truck operators (RTTOs) may impound, transport, and store unauthorized vehicles and dispose of abandoned vehicles. An RTTO who has a valid and signed impoundment authorization is determined to have a lien upon the impounded vehicle for services provided in the towing and storage of the vehicle, unless the impoundment is determined to have been invalid.

When an unauthorized vehicle is impounded, the RTTO must send an impound notice to the legal owner within 24 hours, based on information received from law enforcement. After being held for 120 consecutive hours, a vehicle is considered abandoned and the RTTO must file an abandoned vehicle report (AVP) with the DOL. If the vehicle remains unclaimed, the RTTO must conduct a sale at public auction.

Vehicles may be redeemed by their legal owners any time before the start of the auction upon payment of towing and storage charges. All surplus moneys derived from the auction after

satisfaction of the RTTO's lien are deposited in the State Motor Vehicle Fund. If the DOL subsequently receives a valid claim from the registered vehicle owner of record within one year from the date of the auction, the surplus moneys must be remitted to the owner.

Summary of Striking Amendment:

Motor Vehicle Fuel Tax and Related Fees.

Fuel Taxes. Beginning July 1, 2025, the fuel tax rate for motor vehicle fuel (which includes gasoline) and special fuel (which includes diesel fuel) is increased by 6 cents per gallon \$0.494 to \$0.554 per gallon. In addition, the fuel tax rate for special fuel is increased 3 cents per gallon beginning July 1, 2025, and by an additional 3 cents per gallon beginning July 1, 2027.

Fuel tax rates, except for the special fuel differential rates, are increased by an inflation adjustment factor of 2 percent each year beginning July 1, 2026. The special fuel differential rate is increased by an inflation adjustment factor of 2 percent each year beginning July 1, 2028.

Revenue generated from these fuel tax rate increases is distributed to the Motor Vehicle Fund, except that 2.5 percent is distributed to incorporated cities, and 2.5 percent is distributed to counties.

Vehicle-Related Fees.

License Fees by Weight:

Both statutory fee schedules for trucks are modified for trucks. The total weight fee for trucks up to 4,000 lbs. remains at \$53 plus the additional \$10 weight fee. For each 2,000 lb. increment above 4,000 lbs., the graduated schedule weight fee is increased such that the total of the graduated schedule weight fee, the freight project fee, and the \$10 additional weight fee is equal to \$30 per ton. The change is effective January 1, 2026. The graduated schedule weight fee is indexed to inflation beginning July 1, 2026.

Passenger Vehicle Weight Fees:

Passenger vehicle weight fees are increased as of January 1, 2026, as follows:

- Up to 4,000 lbs.: \$35 (no change from current law)
- Above 4,000 lbs. to 6,000 lbs.: \$65
- Above 6,000 lbs. to 8,000 lbs.: \$82.50
- Above 8,000 lbs.: \$96

Provisions are removed that cannot apply, since the Department of Ecology has been provided with explicit legislative authorization to engage in rulemaking regarding a clean fuel standard since they were enacted.

Registration and Title Service and Filing Fees:

For transactions occurring or due on or after January 1, 2026, the service fee for changes in a vehicle or vessel title certificate, changes in ownership for non-titled vehicles, and related transactions is increased from \$15 to \$18. For transactions occurring or due on or after January 1, 2026, the service fee for a vehicle or vessel registration renewal, issuing a transit permit, accepting a report of sale, or accepting a transitional ownership record is increased from \$8 to \$11.

For transactions occurring or due on or after January 1, 2026, the filing fee for a vehicle or vessel certificate of title is increased from \$5.50 to \$6.50. For transactions occurring or due on or after January 1, 2026, the filing fee for a vehicle or vessel registration, report of sale, transitional ownership record, or farm vehicle reduced gross weight license is increased from \$4.50 to \$6.00.

Abandoned RV Disposal Fee:

The Abandoned RV fee is increased from \$6 to \$8, effective January 1, 2026 and will apply to vehicle registrations that are due or become due after January 1, 2026. The administrative allocation provided to the DOL is modified from up to 15 percent to up to 10 percent of the proceeds, effective January 1, 2026.

Vehicle, Vessel, and Aircraft Taxes.*Sales and Use Taxes on Motor Vehicles:*

The additional state retail sales and use tax rate that applies to motor vehicle transactions or acquisitions is increased from 0.3 percent to 0.5 percent, bringing the total state retail sales and use tax rate that applies to motor vehicles to 7.0 percent, effective January 1, 2026. Proceeds from 0.5 percentage points of the rate are deposited in the Multimodal Transportation Account.

Rental Car Tax:

Beginning January 1, 2026, through December 31, 2026, the additional rental car 5.9 percent state sales and use tax is increased to 11.9 percent. Beginning on January 1, 2027, the additional rental car state sales and use tax rate is set at 9.9 percent. Proceeds are deposited in the Multimodal Transportation Account.

Peer to Peer Vehicle Sharing:

Beginning on January 1, 2027, the additional state sales and use tax rate is set at 9.9 percent on corporate peer to peer vehicle sharing transactions. The revenue from the imposition of the peer to peer vehicle sharing transactions is deposited in the Multimodal Transportation Account.

Recreational Vessels Tax:

Beginning on April 1, 2026, a new sales and use tax is imposed on recreational vessels. Proceeds from the tax are deposited in the Multimodal Transportation Account.

Luxury Vehicle Tax:

Beginning on January 1, 2026, a new 8 percent tax is imposed on the retail sale, lease, or transfer of a non-commercial motor vehicle that exceeds \$100,000 in price. The tax applies to the portion of the price of the vehicle that exceeds a deduction amount of \$100,000 in fiscal year 2026. At the start of each fiscal year the deduction amount is increased by 2%.

The value of a trade-in vehicle may not be deducted from the vehicle price in determining the tax. The new taxes do not apply to commercial vehicles, as defined in federal law, or to motor vehicles that have a gross weight rating exceeding 10,000 lbs., other than motor homes. Vehicle dealers and other retailers of motor vehicles are subject to the trust fund liability requirements that apply to other retail sales taxes. Proceeds are deposited in the Multimodal Transportation Account.

Luxury Noncommercial Aircraft Tax:

Beginning April 1, 2026, an additional 10 percent luxury aircraft tax applies to the value of a sale, lease, or transfer of a noncommercial aircraft exceeding \$500,000. The new luxury tax applies only to the amount of the sale, lease, or transfer value exceeding \$500,000 and treats the \$500,000 as a deduction. The value of a trade-in aircraft may not be deducted from the vehicle price in determining the tax. Retailers of aircraft are subject to the trust fund liability requirements that apply to other retail sales taxes. The revenue from the luxury aircraft tax will be deposited in the Sustainable Aviation Fuel Account if ESHB 2061 is enacted by June 30, 2025; otherwise it is deposited into the aeronautics account.

Other Taxes and Fees*Tire Fee:*

Beginning January 1, 2026, the \$1 per tire fee is increased \$5. The amount allowed to be retained by tire retailers is increased to \$0.25 per tire. The distribution of the tire fee revenue is modified so that the first \$600,000 each fiscal year is deposited into the Waste Tire Removal Account and all remaining amounts from the tire fee are deposited in the Motor Vehicle Fund.

Large Event Transportation Assessment:

Beginning April 1, 2026, events occurring at a large event facility are subject to a large event transportation assessment. This assessment applies to facilities specifically designed to accommodate or seat at least 17,000 attendees per event day. The assessment is the legal obligation of the large event facility operator, but may be separately listed for informational purposes on a customer ticket or billing documents.

The amount of the assessment is \$1 per attendee of the sports contest, concert, or similar activity at a large event facility. The assessment does not apply to area fairs, county fairs, community fairs, youth shows and fairs, or any state fair. The revenue from the large event transportation assessment is deposited in the Multimodal Transportation Account.

Driver's License and Identicards:

Beginning October 1, 2026, the fee for an eight-year driver's license or identicard is increased from \$72 to \$80. The fee for a six-year driver's license or identicard is increased from \$54 to \$60. Beginning July 1, 2028 and every three years thereafter, the per year fee amounts are increased by \$1 per year.

Work Zone Safety Cameras:

Beginning July 1, 2026, the first violation penalty for a work zone speed safety camera system violation is changed from \$0 to \$125. Second or subsequent violation amounts remain unchanged. The violation revenue is deposited in the Highway Safety Account.

Washington State Ferries.

Ferry surcharges:

The WSTC must impose an additional 50-cent surcharge for constructing, purchasing, and financing new ferries. The change is effective October 1, 2025, and applies to the new fares and pricing policies that become effective in October, 2025. WSTC must raise the surcharge 10 cents in October of 2027 and 10 cents in October of 2029. Outdated references to 144-car ferries are removed and both capital vessel surcharges are statutorily directed into the Capital Vessel Replacement Account.

WSF must implement cost recovery surcharge to recoup at least 3 percent in credit card and other financial transaction costs related to the collection of ferry fares. WSF must notify customers of the surcharge at the point-of-sale and itemize the fee on customer receipts.

Ferry Vessel Procurement:

State ferry procurement law is modified to allow for additional vessels and vessel vehicle capacity.

Washington State Ferries Biodiesel Fuel:

B5 diesel fuel is required for WSF vessels and WSF must develop internal processes to transition diesel vessels in the fleet to the highest possible biofuel blend or renewable diesel by 2030.

Toll Exemptions.

WSTC is prohibited from exempting publicly or privately owned or operated transit buses, vans, and ride share vehicles from tolling requirements on bridges and must modify tolling provisions accordingly by October 1, 2025. However, public and private school buses may be exempted.

State Route 520.

The imposition of tolls is authorized on the entire SR 520 corridor, instead of just the floating bridge, including on-ramps and off-ramps.

Washington Department of Transportation Project Permits.

The project notification requirement regarding shorelines-related project permits is removed. Asbestos inspections are included in the scope of construction contracts in lieu of WSDOT conducting inspections prior to bids.

Essential Public Facilities.

High capacity transportation system improvements and bus rapid transit routes and stops or improvements to such routes and stops are included in the definition of essential public facilities under the Growth Management Act. Cities and counties may not preclude the siting of high capacity transportation system improvements by imposing conditions or costs that are not reasonably necessary to mitigate adverse impacts directly caused by the improvements, or impose a permit process too costly or time consuming to reasonably comply.

Transit Project Permits.

Transit agency, SEPA, and the National Environmental Policy Act documents regarding transit projects must serve as the sole applicable environmental review documents rather than local governments conducting separate environmental reviews. Transit agencies are exempt from the requirement to obtain certain shorelines-related permits when conducting work within WSDOT right-of-way—similar to WSDOT exemptions

County Road Administration Board.

A new County Local Road Grant Program is established to be administered by CRAB to provide funds for projects not currently eligible for other CRAB funding.

Active Transportation Grant Programs.

The Sandy Williams Connecting Communities Program Account is created, requiring quarterly transfers totaling \$12.5 million annually from the Move Ahead WA Flex Account. Various programmatic revisions are made to the School-Based Bicycle Education Grant Program based on current implementation.

Climate Commitment Act Transportation Accounts.

The Climate Active Transportation Account and the Climate Transit Programs Account are repealed.

Zero-Emission Vehicle Tax Incentives.

A tax exemption from sales and use taxes for zero-emission buses purchased by a transit agency or a federally recognized Indian tribe to provide public transportation services takes effect July 1, 2025.

The State Treasurer is required to transfer on a quarterly basis from the Carbon Emissions Reduction Account to the General Fund an amount equal to the amount that would otherwise have been deposited into the General Fund for the quarter if not for the zero-emission transit bus tax exemption.

The zero-emission transit bus tax exemption after the last day of the calendar month immediately following the month DOL determines that the total amount of exemptions issued reaches or exceeds \$14 million.

Zero Emissions Vehicle Infrastructure Partnerships Grant Program, and Zero Emissions Access Grant Program Funding.

The respective biennial expirations are removed for funding WSU's Extension Energy Program's technical assistance education program, as well as WSDOT's ZEVIP and ZAP grant programs.

Fuel Conversion Activity Reporting.

State agencies that receive funding in a transportation appropriations act for fuel conversion activities must report information to estimate emissions reductions resulting from these activities through the reporting tool developed by the JTC. "Fuel conversion" is defined as the purchase of zero-emission or hybrid electric vehicles, vessels, or offroad equipment, and the charging or refueling infrastructure needed to support them.

Complete Streets.

The dollar threshold for projects requiring complete streets designs is increased from \$500,000 to \$1 million, starting August 1, 2025.

Trails and Paths.

Decisions pertaining to the development or extension of a trail or path (project) are categorically exempted from compliance with SEPA and may not be subject to any county or city ordinance, or other regulations imposing equivalent requirements, if the project:

- has a surface area of ten acres or less; and
- is located on a railroad right-of-way designated for interim trail use under federal law and located within a city with a population of at least 500,000.

A categorically exempted project must post notice of the project on the property that will be used for the project for at least 30 days before the action that will give final project approval. An applicant must request meaningful consultation with any federally-recognized tribe that may be

affected by the project. After receiving notice, the tribe may initiate consultation to determine whether an agreement on the project can be reached. If it cannot, the parties must enter mediation. If the affected tribe does not initiate consultation within 90 days of receiving written notice, the categorical exemption takes effect.

Traffic Safety and Tribal Representation.

The Cooper Jones Active Transportation Safety Council may include a representative from a tribal government.

Shared Streets.

"Central business district" is defined for the purposes of "shared street" designation eligibility and local authorities are required to consult with WSDOT to obtain its approval to establish a shared street on a state highway.

Local Automated Traffic Safety Cameras.

Authorization is augmented for bus-mounted traffic safety cameras to allow them to be used to detect public transportation only lane violations. An internal reference is corrected to ensure that transit authorities using bus-mounted traffic safety cameras to detect bus stop zone violations provide the appropriate local jurisdiction images or evidence collected for infraction processing purposes.

Public Transportation Benefit Areas.

A public transportation benefit area (PTBA) may, pursuant to an interlocal agreement, annex an adjacent city operating a transit system within the county in which the public transportation benefit area is located. A county legislative authority may then expand the PTBA's boundaries, after such an annexation occurs.

Any PTBA that is not fully in compliance with statutory requirements regarding proportional board representation by October 1, 2025, may not receive regional mobility grants, rural mobility grants, green transportation capital grants, bus and bus facility grants, transit support grants, or paratransit and special needs grants.

Board of Pilotage Commissioners.

The annual reporting requirements of the Board is amended to include updates on efforts to increase diversity of pilots, trainees, and applicants.

Oil tankers of 5,000 gross tons or greater are eligible from state pilotage requirements when inbound or outbound from Canadian ports in certain designated areas if a pilot is licensed by the Pacific Pilotage Authority, the pilot licensing authority for the Western District of Canada), and if the vessel meets communication and navigational chart requirements.

Transportation Innovative Partnership Program.

The entirety of the TIP Program is repealed, with certain provisions modified or fully retained as part of a newly created statutory framework for the implementation of P3s for transportation projects.

Fencing Along Rail Right-of-Way.

WSDOT is exempt from the requirement to install fencing along rail right-of-way.

License Plate Production.

The DOL is directed to adopt rules establishing extensions of the expiration date for the DOL temporary license plates in cases of shortages of permanent license plates. Specific actions that the DOL and Department of Corrections must take are provided when there is a projected license plate shortage statewide or in particular locations.

Aeronautics Account.

Expenditure purposes from the Aeronautics Account are codified as for aviation-related purposes only, and the account is clarified by specifying that expenditures require an appropriation.

City Streets as Part of State Highways.

The increase of the population threshold for small cities and towns with state routes in their areas from 30,000 to 32,500, under which WSDOT is responsible for certain highway operations costs of those state routes, is advanced to July 1, 2025. It applies only to cities and towns with a population of 30,000 or less on January 1, 2025.

Solicited Real Estate Transactions.

A property owner's right to an appraisal and to cancel a purchase contract in the case of solicited real estate transactions do not apply to any public entity, including but not limited to WSDOT, cities, and counties, acquiring real property for transportation purposes.

Payments to RTTOs for Certain Costs.

The DOL must create a program to compensate RTTOs for the cost of towing, storage, and other services incurred by an RTTO for the towing of vehicles of indigent persons in certain circumstances. The DOL must provide a form to RTTOs on which an individual seeking the release of the vehicle self-certifies that they are eligible under the program, and the RTTO self-certifies that the impound is eligible under the program.

Once the form is completed by the RTTO, the RTTO must release the vehicle to the applicant and no longer has a lien or deficiency claim on the vehicle. Following submission of the form by the RTTO, and subject to the availability of funds appropriated for the purpose, the DOL is required to disburse funds to the eligible RTTO in an amount equal to the cost of the tow, storage, or other services incurred by the RTTO during the course of the private property impound or law enforcement-directed impound.

The DOL must consult with appropriate stakeholders to develop rules establishing maximum rates of reimbursement for towing, storage, and other services. Available funds are the surplus auction proceeds that are no longer subject to a valid claim. Any request for payment is not an entitlement. If funds do not exist to reimburse claims that have been submitted by RTTOs under this new provision, the DOL must create a waitlist for claims.