

HOUSE BILL REPORT

HB 1098

As Reported by House Committee On:
Transportation

Title: An act relating to improving county local roads by creating a new county local road program.

Brief Description: Concerning county local roads.

Sponsors: Representatives Low, Barkis, Paul, Nance and Timmons.

Brief History:

Committee Activity:

Transportation: 1/22/25, 2/6/25 [DPS].

Brief Summary of Substitute Bill

- Creates the County Local Road Trust Account (Account), and directs the County Road Administration Board to adopt rules regarding the allocation of funds in the Account.
- Establishes minimum criteria for project selection and the types of projects that can be funded from the Account.
- Requires counties to work with the Washington State Department of Transportation, cities, or towns on certain projects, and requires matching fund requirements to be established after further study.
- Limits the eligibility for Account funds to either counties with populations under 8,000 or counties that have not diverted county road levy funds to other purposes, except for certain specified expenditures.
- Allows for reservation of funds for future phases of approved projects, provides a limited exemption from the requirement that all Account-funded projects are included in a county's six-year plan, and allows for increases to amounts allocated to projects under certain circumstances.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Fey, Chair; Bernbaum, Vice Chair; Donaghy, Vice Chair; Reed, Vice Chair; Barkis, Ranking Minority Member; Low, Assistant Ranking Minority Member; Mendoza, Assistant Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Bronoske, Dent, Duerr, Entenman, Griffey, Hunt, Klicker, Ley, Nance, Orcutt, Paul, Ramel, Richards, Stuebe, Taylor, Timmons, Volz, Wylie and Zahn.

Staff: David Munnecke (786-7315).

Background:

As of 2023 the county road system in Washington contained 78,726 lane miles, of which 48,917 lane miles are local roads. Local roads are those roads which are not classified as either arterials or collectors.

The County Road Administration Board (CRAB) is a nine-member board composed of six county commissioners or councilmembers and three county engineers. Among its responsibilities, the CRAB establishes and maintains standards of good practice, to guide and ensure consistency and professional management of county road departments. The CRAB also administers the Rural Arterial Program, the County Arterial Preservation Program, and the County Ferry Capital Improvement Program.

During the 2023-25 fiscal biennium, the CRAB conducted a Grant Effectiveness Study, to analyze if current CRAB grants were meeting the needs of the counties. One recommendation from this study was to establish a new grant program for the preservation and improvement of county local access roads and short-span bridges.

Summary of Substitute Bill:

The County Local Road Trust Account (Account) is created as an appropriated account in the Motor Vehicle Fund (Fund). All moneys deposited in the Fund to be credited to the Account are required to be expended for either the preservation and improvement of county local roads, which are defined as county roads that are not federally classified as an arterial or collector road, or the expenses of the board associated with the administration of the County Local Road Program (Program).

The CRAB is required to adopt rules to implement the allocation of funds in the Account. The CRAB must also include a status report regarding the Program in its annual report to the Legislature.

The following project types may be funded by the Program:

- 2-R or resurfacing and restoration projects, as defined in the Washington State Department of Transportation (WSDOT) local agency guidelines (LAG) manual;
- 3-R or resurfacing, restoration, and rehabilitation projects, as defined in the LAG manual;
- reconstruction as defined in the LAG manual;
- replacement of any bridge on the national bridge inventory;
- removal of human-made or caused impediments to anadromous fish passage; and
- pedestrian facilities.

The CRAB rules to select projects funded from the Account, which must be included in the respective county's six-year plan as provided in RCW 36.81.121 before board approval of the project, must take into consideration the following criteria:

- investment in overburdened communities;
- environmental health disparities as identified in the environmental health disparities map specified in RCW 43.70.815;
- location on, or providing direct access to, a federally recognized Indian reservation or lands;
- sustaining the structural, safety, and operational integrity of the road;
- vehicle and pedestrian collision experience;
- access improvements to a community facility; and
- identified need in a state, regional, county, or community plan.

If a proposed Program project is adjacent to a city or town, the city or town and county must jointly plan and include the improvement in their respective long-range plans. If a Program project connects with and will be substantially affected by a programmed construction project on a state highway, the county must jointly plan the development of such project with the WSDOT District Administrator.

Counties receiving funds from the Account must provide matching funds as established by rules adopted by the CRAB. The matching fund requirements must be established after appropriate studies by the CRAB, taking into account financial resources available to counties.

Only counties that, during the preceding 12 months, have spent all revenues collected for road purposes for such purposes, are eligible to receive funds from the Account, except:

- counties with a population of less than 8,000 are exempt from this restriction;
- counties expending revenues collected for road purposes on other governmental services after authorization from the voters of that county under RCW 84.55.050 are exempt from this restriction; and
- this restriction does not apply to any moneys diverted from the road district levy under chapter 39.89 RCW, which allows for community revitalization financing.

The CRAB may reserve funds for future phases of approved projects to be completed in the

ensuing biennium. The CRAB may also provide funding to projects that are not included in a county's six-year plan, if the project is of an emergent nature that could not be anticipated.

When the CRAB approves a Program project, it must determine the amount of Account funds to be allocated for the project. This allocation must be based upon information submitted by the county seeking approval of the project and upon such further investigation as the CRAB deems necessary.

The CRAB must adopt reasonable rules pursuant to which Account funds allocated to a project may be increased upon a subsequent application of the county constructing the project. The rules adopted by the CRAB must take into account, but are not limited to, the following factors:

- the financial effect of increasing the original allocation for the project upon other county local road program projects either approved or requested;
- whether the project for which an additional allocation is requested can be reduced in scope while retaining a usable segment;
- whether the original cost of the project shown in the applicant's original submittal was based upon reasonable engineering estimates; and
- whether the requested additional allocation is to pay for an expansion in the scope of work originally approved.

Substitute Bill Compared to Original Bill:

The substitute bill expands the projects that may be funded from the Account to include locations on, or providing direct access to, federally recognized Indian lands.

The substitute bill also makes various technical changes regarding the name of the program funded from the Account, and removes the inadvertently included restriction that the CRAB may not allocate funds, or make payments under RCW 36.79.120 regarding Rural Arterial Trust Account matching funds, to any county identified by the Governor, under RCW 36.70A.340, as failing to comply with the Growth Management Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2025.

Staff Summary of Public Testimony:

(In support) The Transportation Improvement Board and CRAB receive funding through

the gas tax to support local road projects, where they provide matching funding for projects in large counties and cities. Smaller jurisdictions have their eligible road projects usually fully funded, but the key word is eligible.

With 48,917 lane miles, county local roads make up over one-third of the entire road system in Washington, and they provide primary access to residential, industrial, agricultural, and commercial areas in all 39 counties. The county local road system has 160 percent more lane miles than the entire state highway system. These are both urban and rural roads, with nearly 10,000 miles of local roads and census designated urban areas, and over 21,000 miles are within overburdened communities. These roads carry freight goods, and they carry people, transit, bicyclists, and pedestrians.

There are no funding programs, state or federal, to fund these roads. Counties must rely on their local road fund to do so, but these funds are already overstretched with preservation and maintenance work, emergency repairs, and providing local matches for larger grant funded projects. In Snohomish County, every \$1 of local road funds are leveraged for about \$3 of state and federal funding to handle road projects.

The Program in this bill is not some little offshoot project. It is aimed at addressing the one-third of Washington roads that have been neglected for way too long. Local roads have an impact on safety economic development, and they contribute to environmental impacts in our multimodal system and freight. This bill would stand up a new program and address a system need all across Washington.

The County Road Administration Board is a state agency that provides oversight of county road departments through mandatory compliance and accountability reporting by counties. It also provides technical and professional expertise to county public works, professionals, and administers grant programs. The CRAB board is very efficient with the taxpayer dollars, and their administrative overhead is less than 3 percent, so they do a very good job in managing these funds.

After a review of grant programs and their effectiveness by Burke and Associates, they concluded that a new program was warranted to fund local roads. Local roads are tertiary roads of limited mobility and high access that provide access to residential, commercial, industrial, and agricultural areas. There are currently no funding programs, state or federal, for local roads. The only program available for local roads is a county's capital program.

The new program in this bill will prioritize investment in underserved and overburdened communities, including roads that run adjacent to tribal land and through federally recognized tribal lands. Now's the time to prioritize these roads. There's always money out there, so let's prioritize local roads this year.

This bill is a key part of the overall Washington State Association of Counties transportation revenue priority for the session. The County Road Administration Board's

done an excellent job in the past year, both reviewing their current programs and identifying the need for this new program. There was funding provided in the last biennium to do a grant program effectiveness study, and the top recommendation was to start this Program and get it off the ground.

Shoring up funding for the Washington State Department of Transportation is often the focus in this committee, but the revenue shortfalls hardly stop there. A recent study shows that revenue shortages are likely as bad, if not worse, at the county level, and that's because the largest county revenue source is property tax capped at 1 percent increases plus new construction. The second largest source is gas tax, which is declining. That structural revenue problem is continually pushing out deferred maintenance and putting counties farther and farther behind at roughly a billion dollars a year. It's a real problem, and this Program goes a long way to resolve that. These are very important roads across the state, and maintaining these roads is very important.

Neglecting these roads can lead to higher long-term repair costs, diminished neighborhood aesthetics, and reduced quality of life for our residents who rely on them daily, and if we don't do this, investing in them later is going to cost more money down the road. Accidents are increasing, and as roads deteriorate that actually leads to more accidents on the roads, and that's fatalities and serious injury accidents.

A good share of paved roads do not qualify for state funding, and some of those paved roads happen to be old state routes that were abandoned by the state. This forces a county to take ownership of them, but without any funding mechanisms for maintenance. This Program would be a huge benefit for all 39 counties.

The state is in a situation where it could actually create an entire new program that can help pave local roads. The state has a gap in how it does things and this bill would provide not a next year solution, but a 10-year solution.

(Opposed) None.

Persons Testifying: Representative Sam Low, prime sponsor; Jane Wall, County Road Administration Board; Axel Swanson, Washington State Association of County Engineers; Doug McCormick, Snohomish County Public Works, County Road Administration Board, WA. St. Assoc. County Engineers; Rob Coffman, Lincoln County Commissioner; CRAB Board Chair; and Michael Moran, 1. Chehalis Tribe 2. Coville Tribes.

Persons Signed In To Testify But Not Testifying: None.