

FINAL BILL REPORT

ESSB 5801

C 417 L 25
Synopsis as Enacted

Brief Description: Concerning transportation resources.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Liias, King and Chapman).

Senate Committee on Transportation
House Committee on Transportation

Background: The 18th Amendment and Fuel Taxes. Since 1921, the state of Washington has levied a motor vehicle fuel tax (MVFT). The current state MVFT is \$0.494 per gallon and is applied to both motor vehicle fuel—including gasoline, and special fuel—including 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 MVFT, 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.

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 as follows:

- \$35 for vehicles up to 4000 pounds;
- \$55 for vehicles above 4000 pounds up to 6000 pounds;
- \$75 for vehicles above 6000 pounds up to 8000 pounds; and
- \$82 for vehicles above 8000 pounds.

The majority of the proceeds from vehicle weight fees are deposited in the Multimodal Transportation Account.

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.

License Fee by Weight for Trucks. In lieu of the vehicle license fee and passenger weight fees, most trucks, including light duty trucks, are subject to a license fee based on gross vehicle weight. The fee is based on two graduated schedules in 2000 pound increments. One schedule applies to trucks used exclusively for hauling logs and trucks that do not tow trailers, and the second schedule applies to all other trucks. Trucks with a gross weight of more than 10,000 pounds must pay a freight project fee equal to 15 percent of the graduated schedule weight fee. The truck weight fees are distributed to various accounts within the Motor Vehicle Fund.

Title and Registration Services 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.

Filing Fees. 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 Vehicle Disposal Fee. Registrations for recreational vehicles (RVs) are subject to a \$6 fee addition to any other fees required by law. The \$6 fee is deposited into the Abandoned Recreational Vehicle Disposal Account to be used to reimburse registered tow truck operators and licensed dismantlers for the administrative costs of transport, dismantling, and disposal of abandoned RVs. DOL is allowed to expend up to 15 percent in each fiscal biennium from the account for administrative expenses associated with operating the program.

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.

Sales and Use Taxes. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. 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.

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. The driver's license and identicard revenue is deposited into the Highway Safety Account.

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. The violation revenue is deposited into the Highway Safety Account.

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

Capital Vessel Surcharge. Pursuant to legislative direction, the WSTC imposed \$0.50 in combined surcharges on every ferry fare sold with the proceeds directed to the Capital Vessel Replacement Account.

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, called 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.

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.

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 using 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.

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.

Zero Emissions Vehicle Infrastructure Partnerships Funding. 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.

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

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: design-build procedure, design-bid-build process, or lease with an option to buy.

Board of Pilotage Commissioners. The Board of Pilotage Commissioners (Board) is a state agency tasked with regulating marine pilotage services in Washington State. Among its listed 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.

Current law requires a Washington licensed marine pilot on certain-sized oil tankers while navigating Puget Sound and adjacent waters.

License Plate Production. During the last five years, 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, nonembossed plates was initiated.

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, and asbestos abatement permits. 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 the National Environmental Policy Act (NEPA), if federally funded.

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.

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 NEPA process, if federally funded.

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.

County Road Administration Board. The County Road Administration Board (CRAB) is a state agency, comprised 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.

Public Transportation Grants. WSDOT provides various grants to local transit agencies, through both codified and uncoded grant programs. Some grant examples include regional mobility grants, rural mobility grants, and transit support grants.

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 Washington State Ferries (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.

Complete Streets. All state transportation highway projects that cost \$500,000 or more must incorporate the principles of Complete Streets design. Complete Streets is an approach to road design that accommodates all users, including pedestrians, access to transit, cyclists, and motorists of all ages and abilities.

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.

Tax Increment Financing. Tax increment financing (TIF) is a method of allocating a portion of property taxes to finance public improvements in designated areas. Typically, under a TIF Program, a local government issues bonds to finance public improvements. To repay its bondholders, the local government is permitted to draw upon tax revenue from increases in assessed property value inside a special district surrounding the site of the public improvements.

The increment area may not have an assessed property valuation of more than \$200 million or more than 20 percent of the sponsoring jurisdiction's total assessed value, whichever is

less.

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.

Public Transportation Benefit Area. Public transportation benefit areas (PTBAs) 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.

Certain statutory governance requirements apply to PTBAs, including proportional representation requirements regarding the cities and county area located within the PTBA's boundaries.

Shared Streets. During the 2025 session, the Legislature passed a bill authorizing cities to designate certain streets as shared streets where pedestrians, bicyclists, and vehicular traffic share a portion or all of the same street. Cities may establish a maximum speed of 10 miles per hour on shared streets.

Solicited Property Sales. During the 2025 session, the Legislature passed a bill including certain requirements applicable to solicited real property transactions, including a right to an appraisal of the property owner's property paid by the potential buyer and the right of the property owner to cancel the purchase contract without penalty or further obligation.

Tow Truck Impounds. Registered tow truck operators (RTTOs) who impound vehicles from private or public property, or tow for law enforcement agencies, are regulated by the Department of Licensing (DOL). Impoundment is defined as the taking and holding of a vehicle in legal custody without the consent of the owner, and may only be performed by RTTOs. RTTOs may impound, transport, and store unauthorized vehicles and dispose of abandoned vehicles.

Cooper Jones Active Transportation Council. The Cooper Jones Active Transportation Council was established by the Legislature to review and analyze data and programs related to fatalities and serious injuries involving pedestrians, bicyclists, and other nonmotorists. The Council is comprised of various statutorily directed members.

Zero-Emission Vehicle Tax Incentives. The electric vehicle 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. Under current law, this tax exemption expires July 1, 2025.

Summary: Fuel Taxes. Beginning July 1, 2025, the fuel tax rate for motor vehicle fuel and special fuel is increased by \$0.06 per gallon from \$0.494 to \$0.554 per gallon. In addition, the fuel tax rate for special fuel is increased \$0.03 per gallon beginning July 1, 2025, and by an additional \$0.03 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.

Passenger Vehicle Weight Fees. The passenger vehicle weight fee schedule is increased for three out of four weight categories, two times over the next four years. Beginning January 1, 2026, the passenger vehicle weight fee schedule is changed as follows:

- \$35 (no change from current law) for vehicles up to 4000 pounds;
- \$55 increased to \$65 for vehicles above 4000 pounds up to 6000 pounds;
- \$75 increased to \$82.50 for vehicles above 6000 pounds up to 8000 pounds; and
- \$82 increased to \$96 for vehicles above 8,000 pounds.

Beginning January 1, 2029, the passenger vehicle weight fee schedule is changed as follows:

- \$35 (no change from current law) for vehicles up to 4000 pounds;
- \$65 increased to \$75 for vehicles above 4000 pounds up to 6000 pounds;
- \$82.50 increased to \$90 for vehicles above 6000 pounds up to 8000 pounds; and
- \$96 increased to \$110 for vehicles above 8000 pounds.

Provisions in the passenger weight fee statute are removed that cannot apply, since Ecology has been provided with explicit legislative authorization regarding a clean fuel standard and because the July 1, 2023 limitation date is not applicable.

License Fee by Weight for Trucks. Both statutory truck weight fee schedules are modified. The total weight fee for trucks up to 4000 pounds remains at \$63. For each 2000 pound increment above 4000 pounds, the graduated schedule weight fee is increased such that the total of the graduated schedule weight fee and the freight project fee is equal to \$30 per ton for truck weight fees for those below this threshold under current law. The change is effective January 1, 2026. All fees on the graduated truck weight fee schedules are increased annually by 2 percent beginning July 1, 2026.

Title and Registration Services 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 nontitled 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.

Filing Fees. 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 Recreational Vehicle Disposal Fee. Beginning January 1, 2026, the Abandoned RV fee is increased from \$6 to \$8. The maximum amount DOL is allowed to expend on administrative expenses associated with the program is reduced from 15 percent to 10 percent.

Motor Vehicle Sales and Use Tax. Beginning January 1, 2026, the additional 0.3 percent sales and use tax on motor vehicle purchases is increased to 0.5 percent.

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.

Peer to Peer Vehicle Sharing. Beginning January 1, 2027, an additional 9.9 percent state sales and use tax rate is imposed on peer to peer vehicle sharing transactions involving a vehicle where the owner obtained the shared vehicle without paying retail sales or use tax. Proceeds from the additional tax are deposited into the Multimodal Transportation Account.

Recreational Vessels Tax. Beginning on July 1, 2026, a new sales and use tax is imposed on recreational vessels. The value of a trade-in vessel may not be deducted from the vessel price for purposes of determining the tax. Revenue from the additional tax is deposited into the Multimodal Transportation Account.

Luxury Vehicle Tax. Beginning January 1, 2026, an additional 8 percent luxury vehicle tax applies to the value of a sale, lease, or transfer of certain vehicles, including motor homes, exceeding \$100,000 in price. The first \$100,000 of value is allowed as a deduction, with the result that the tax applies only to the amount of the sale, lease, or transfer value exceeding \$100,000. At the start of each fiscal year, the deduction amount is increased by 2 percent.

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 pounds, 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.

Revenue from the new tax is deposited into 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 first \$500,000 of value is allowed as a deduction, with the result that the tax applies only to the amount of the sale, lease, or transfer value exceeding \$500,000. 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 is deposited into the Sustainable Aviation Fuel Account.

Tire Fee. Beginning January 1, 2026, the \$1 per tire fee is increased to \$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 proceeds from the tire fee are deposited into the Motor Vehicle Fund.

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.

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.

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.

Capital Vessel Surcharge. The WSTC must impose an additional \$0.50 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. The WSTC must raise the surcharge an additional \$0.10 in October of 2027, and an additional \$0.10 in October of 2029.

Outdated references to 144-car ferries are removed and both surcharges are statutorily directed into the Capital Vessel Replacement Account.

Ferry Credit Card Surcharge. Beginning March 1, 2026, WSF must implement cost recovery surcharges 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.

Climate Commitment Act Transportation Accounts and Activities. The Climate Active Transportation Account and the Climate Transit Programs Account are repealed.

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 Joint Transportation Committee. "Fuel conversion" is defined as the purchase of zero-emission or hybrid electric vehicles, vessels, or off-road equipment, and charging and refueling infrastructure.

Fencing Along Rail Right-of-Way. WSDOT is exempt from the requirement to install fencing along rail right-of-way.

Local Automated Traffic Safety Cameras. Bus-mounted traffic safety cameras may 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.

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.

Zero Emissions Vehicle Infrastructure Partnerships Grant Program and Zero Emissions Access Grant Program Funding. The respective biennial expirations are removed for funding WSDOT's ZEVIP and ZAP.

Ferry Vessel Procurement. State ferry procurement law is modified to allow for additional vessels and vessel vehicle capacity, specifically WSDOT is directed to procure at least five new hybrid diesel-electric ferry vessels that can carry up to 160 vehicles.

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

Oil tankers of 5000 gross tons or greater are exempt from state pilotage requirements when inbound or outbound from Canadian ports in certain designated areas in Puget Sound waters 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.

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

locations.

Washington Department of Transportation Project Permits. The project notification requirement regarding shorelines-related project permits is removed. Examples of the types of maintenance and replacement projects in WSDOT right-of-way eligible for the existing shorelines permit exemptions are clarified. 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 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. Cities and counties must commit to reasonable timelines to ensure timely issuance of permits without unnecessary delay.

Transit Project Permits. Except for Regional Transit Authorities, a transit agency's SEPA and NEPA documents regarding transit projects must serve as the sole applicable environmental review documents. Transit agencies are exempt from the requirement to obtain certain shorelines-related permits when conducting work within WSDOT right-of-way.

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.

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.

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

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 bio fuel blend or renewable diesel available by 2030.

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

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.

Tax Increment Financing. Certain local governments may enact a tax increment area with a combined assessed valuation greater than \$200 million but no more than \$500 million if the tax increment area is connected to Interstate 405 and the transportation-related public improvements that will be funded enhance the integration and connection of neighborhoods within and adjacent to the increment area. The local government must enact an ordinance designating the increment area no later than June 30, 2026. A governing body of any taxing district within the increment area must approve the taxing district's partial or full participation in the tax increment project, otherwise the taxing district's property taxes are not subject to apportionment.

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.

Public Transportation Benefit Area. A PTBA, through an interlocal agreement, may annex an adjacent city operating its own transit system, after which the city must cease operating its transit system. After the annexation, the respective county legislative authority may annex county area into the PTBA.

PTBAs are ineligible for certain grants if not fully in compliance with statutory governance requirements.

Tow Truck Impounds. A program is created to compensate RTTOs for the cost of towing, storage, and other services incurred during the towing of an indigent person's vehicle.

Shared Streets. "Central business district" is defined for purposes of the recently passed shared streets authority, and local authorities must obtain WSDOT's approval to designate a shared street on a state highway.

Solicited Property Sales. Public entities acquiring real property for transportation purposes are exempted from the recently passed legislation affecting solicited sales, including the requirement that potential buyers pay for appraisals.

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 CERA to the state general fund an amount equal to the amount that would otherwise have been deposited into

the fund for the quarter if not for the zero-emission transit bus tax exemption.

The zero-emission transit bus tax exemption expires 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.

Votes on Final Passage:

Senate	31	18	
House	51	47	(House amended)
Senate	31	17	(Senate concurred)

Effective: July 27, 2025

- June 30, 2025 (Sections 801, 802, 804-807)
- July 1, 2025 (Sections 101-103, 406, 701-709, 808-814, 1102, 1103, 1305)
- October 1, 2025 (Sections 305-307, 401)
- January 1, 2026 (Sections 104, 105, 107-110, 201-206, 301-303, 604, 903)
- February 1, 2026 (Section 1307-1309)
- March 1, 2026 (Section 405)
- April 1, 2026 (Sections 207-211)
- July 1, 2026 (Sections 304, 1201-1224)
- July 1, 2028 (Section 803)
- January 1, 2029 (Section 106)