CERTIFICATION OF ENROLLMENT

SECOND SUBSTITUTE SENATE BILL 5802

Chapter 418, Laws of 2025

69th Legislature
2025 Regular Session

TRANSPORTATION FUND TRANSFERS AND REVENUE DEDICATIONS

EFFECTIVE DATE: July 27, 2025—Except for sections 1 and 2, which take effect May 20, 2025.

Passed by the Senate April 25, 2025
Yeas 37 Nays 11

DENNY HECK

President of the Senate

Passed by the House April 24, 2025
Yeas 63 Nays 35

LAURIE JINKINS

Speaker of the House of Representatives

Approved May 20, 2025 3:26 PM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5802** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 21, 2025

Secretary of State
State of Washington

SECOND SUBSTITUTE SENATE BILL 5802

AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Liias and King)

READ FIRST TIME 04/19/25.

AN ACT Relating to rebalancing statutory fund transfers and revenue dedications for transportation; amending RCW 82.32.385, 82.08.020, 82.12.020, 47.46.060, and 47.01.412; reenacting and amending RCW 43.155.050; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 82.32.385 and 2022 c 182 s 301 are each amended to read as follows:

(1) ((~~Beginning September 2019 and ending December 2019, by the last day of September and December, the state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $13,680,000.~~

~~(2) Beginning March 2020 and ending June 2021, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the multimodal transportation account created in RCW 47.66.070 $13,680,000.~~

~~(3) Beginning September 2021 and ending June 2023, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $13,805,000.~~

~~(4)~~)) (a) Beginning September 2023 and ending June 2025, by the last day of September, December, March, and June of each year, the

state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $13,987,000.

((~~(5)~~)) (b) For fiscal year 2026, the state treasurer must transfer from the multimodal transportation account created in RCW 47.66.070 to the general fund $111,896,000 in four equal quarterly transfers.

(2) Beginning September 2025 and ending June 2027, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $11,658,000.

((~~(6)~~)) (3) Beginning September 2027 and ending June 2029, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $7,564,000.

((~~(7)~~)) (4) Beginning September 2029 and ending June 2031, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in RCW 46.68.395 $4,056,000.

((~~(8)~~)) (5) For fiscal year 2026 through fiscal year 2038, the state treasurer must transfer from the general fund to the move ahead WA flexible account created in RCW 46.68.520 $31,000,000 each fiscal year in four equal quarterly transfers. This amount represents the estimated state sales and use tax generated from new transportation projects and activities funded as a result of chapter 182, Laws of 2022.

((~~(9)~~)) (6)(a) For fiscal year 2024, fiscal year 2025, and fiscal year 2028 through fiscal year 2038, the state treasurer must transfer from the general fund to the move ahead WA flexible account created in RCW 46.68.520 $57,000,000 each fiscal year in four equal quarterly transfers.

(b) For fiscal year 2026, the state treasurer must transfer from the multimodal transportation account created in RCW 47.66.070 to the general fund $114,000,000 in four equal quarterly transfers.

(7) For fiscal year 2028 and fiscal year 2029, the state treasurer must transfer from the general fund to the multimodal transportation account created in RCW 47.66.070 $304,691,000 each fiscal year in four equal quarterly transfers.

Sec. 2. RCW 43.155.050 and 2023 c 475 s 932 and 2023 c 474 s 8037 are each reenacted and amended to read as follows:

(1) The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and grants and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated or transferred to the water pollution control revolving fund and the drinking water assistance account to provide for state match requirements under federal law. Moneys in the account may be transferred to the move ahead WA account to provide support of public works projects funded in the move ahead WA program. Not more than 20 percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated for preconstruction loans and grants, emergency loans and grants, or loans and grants for capital facility planning under this chapter. Not more than 10 percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated as grants for preconstruction, emergency, capital facility planning, and construction projects. During the 2017-2019 and 2019-2021 fiscal biennia, the legislature may appropriate moneys from the account for activities related to rural economic development, the growth management act, the aviation revitalization loan program, the community economic revitalization board broadband program, and the voluntary stewardship program. During the 2021-2023 and 2023-2025 fiscal biennia, the legislature may appropriate moneys from the account for activities related to the community aviation revitalization board. During the 2019-2021 fiscal biennia, the legislature may direct the state treasurer to make transfers of moneys in the public works assistance account to the education legacy trust account. During the 2019-2021 and 2021-2023 fiscal biennia, the legislature may direct the state treasurer to make transfers of moneys in the public works assistance account to the statewide broadband account. The legislature may appropriate moneys from the public works assistance account for activities related to the voluntary stewardship program, rural economic development, and the growth management act. During the 2021-2023 biennium, the legislature may appropriate moneys from the account for projects identified in section 1033, chapter 296, Laws of 2022. During the 2023-2025 fiscal biennium, the legislature may appropriate moneys from the public

works assistance account for an evaluation of the costs of relocating public utilities related to fish barrier removal projects. During the 2023-2025 fiscal biennium, the legislature may appropriate moneys from the account for activities related to developing a data dashboard to map investments made by the public works board, the department of commerce, the department of health, the department of ecology, the department of transportation, the transportation improvement board, and by board partners to the system improvement team created in RCW 43.155.150.

(2)(a) For fiscal year 2024 ((~~through fiscal year 2038~~)), fiscal year 2025, and fiscal year 2028 through fiscal year 2038, the state treasurer must transfer from the public works assistance account to the move ahead WA account created in RCW 46.68.510 $57,000,000 each fiscal year in four equal quarterly transfers.

(b) For fiscal year 2026 and fiscal year 2027, the state treasurer must transfer from the public works assistance account to the general fund $57,000,000 each fiscal year in four equal quarterly transfers.

Sec. 3. RCW 82.08.020 and 2022 c 16 s 145 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the RCW 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(3) Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(4) For purposes of subsection (3) of this section, "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:

(a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of cannabis;

(b) Off-road vehicles as defined in RCW 46.04.365;

(c) Nonhighway vehicles as defined in RCW 46.09.310; and

(d) Snowmobiles as defined in RCW 46.04.546.

(5) Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

(6) Beginning July 1, 2027, the portion of taxes collected by the state under subsection (1) of this section equal to 0.1 percent of the selling price on each retail sale in this state must be deposited in the multimodal transportation account created in RCW 47.66.070.

(7) The taxes imposed under this chapter apply to successive retail sales of the same property.

((~~(7)~~)) (8) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

Sec. 4. RCW 82.12.020 and 2017 c 323 s 520 are each amended to read as follows:

(1) There is levied and collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any:

(a) Article of tangible personal property acquired by the user in any manner, including tangible personal property acquired at a casual or isolated sale, and including by-products used by the manufacturer thereof, except as otherwise provided in this chapter, irrespective

of whether the article or similar articles are manufactured or are available for purchase within this state;

(b) Prewritten computer software, regardless of the method of delivery, but excluding prewritten computer software that is either provided free of charge or is provided for temporary use in viewing information, or both;

(c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(c), excluding services defined as a retail sale in RCW 82.04.050(6)(c) that are provided free of charge;

(d) Extended warranty; or

(e)(i) Digital good, digital code, or digital automated service, including the use of any services provided by a seller exclusively in connection with digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(ii) With respect to the use of digital goods, digital automated services, and digital codes acquired by purchase, the tax imposed in this subsection (1)(e) applies in respect to:

(A) Sales in which the seller has granted the purchaser the right of permanent use;

(B) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(C) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(D) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(iii) With respect to digital goods, digital automated services, and digital codes acquired other than by purchase, the tax imposed in this subsection (1)(e) applies regardless of whether or not the consumer has a right of permanent use or is obligated to make continued payment as a condition of use.

(2) The provisions of this chapter do not apply in respect to the use of any article of tangible personal property, extended warranty, digital good, digital code, digital automated service, or service taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to, or the use by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(3)(a) Except as provided in this section, payment of the tax imposed by this chapter or chapter 82.08 RCW by one purchaser or user

of tangible personal property, extended warranty, digital good, digital code, digital automated service, or other service does not have the effect of exempting any other purchaser or user of the same property, extended warranty, digital good, digital code, digital automated service, or other service from the taxes imposed by such chapters.

(b) The tax imposed by this chapter does not apply:

(i) If the sale to, or the use by, the present user or his or her bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by his or her bailor or donor;

(ii) In respect to the use of any article of tangible personal property acquired by bailment and the tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 RCW or this chapter as of the time of first use;

(iii) In respect to the use of any article of tangible personal property acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and the original bailment was prior to June 9, 1961; or

(iv) To the use of digital goods or digital automated services, which were obtained through the use of a digital code, if the sale of the digital code to, or the use of the digital code by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(4)(a) Except as provided in (b) of this subsection (4), the tax is levied and must be collected in an amount equal to the value of the article used, value of the digital good or digital code used, value of the extended warranty used, or value of the service used by the taxpayer, multiplied by the applicable rates in effect for the retail sales tax under RCW 82.08.020.

(b) In the case of a seller required to collect use tax from the purchaser, the tax must be collected in an amount equal to the purchase price multiplied by the applicable rate in effect for the retail sales tax under RCW 82.08.020.

(5) Beginning July 1, 2027, the portion of taxes collected by the state under subsection (1) of this section equal to 0.1 percent of

the value of the article used, value of the digital good or digital code used, value of the extended warranty used, or value of the service used by the taxpayer, must be deposited in the multimodal transportation account created in RCW 47.66.070.

(6) For purposes of the tax imposed in this section, "person" includes anyone within the definition of "buyer," "purchaser," and "consumer" in RCW 82.08.010.

Sec. 5. RCW 47.46.060 and 2015 3rd sp.s. c 44 s 405 are each amended to read as follows:

(1) Any person, including the department of transportation and any private entity or entities, may apply for deferral of taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that becomes a part of, and the rental of equipment for use in the state route number 16 corridor improvements project under this chapter. Application must be made to the department of revenue in a form and manner prescribed by the department of revenue. The application must contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue must approve the application within ((~~sixty~~)) 60 days if it meets the requirements of this section.

(2) The department of revenue must issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on the project.

(3) The department of transportation or a private entity granted a tax deferral under this section must ((~~begin~~)) complete paying the deferred taxes ((~~in the twenty-fourth year after the date certified by the department of revenue as the date on which the project is operationally complete. The first payment is due on December 31st of the twenty-fourth calendar year after such certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment must equal ten percent of the deferred tax. The project is operationally complete under this section when the collection of tolls is commenced for the state route number 16 improvements covered by the deferral~~)) by June 30, 2026. It is the intent of the legislature that any nontoll accounts used to pay the deferred sales and use taxes will be reimbursed by toll revenues no

later than December 31, 2032, which reflects prior legislative intent regarding the use of toll revenues for this purpose.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of the department of transportation or a private entity granted a deferral under this section.

(5) Interest may not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this section. The debt for deferred taxes is not extinguished by insolvency or other failure of the private entity. Transfer of ownership does not terminate the deferral.

(6) Applications and any other information received by the department of revenue under this section are not confidential and are subject to disclosure. Chapter 82.32 RCW applies to the administration of this section.

Sec. 6. RCW 47.01.412 and 2022 c 144 s 1 are each amended to read as follows:

(1)(a) Any person involved in the construction of the state route number 520 bridge replacement and HOV project may apply for deferral of state and local sales and use taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that will become a part of, and the rental of equipment for use in, the project.

(b) Application shall be made to the department of revenue in a form and manner prescribed by the department of revenue. The application must contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue shall approve the application within 60 days if it meets the requirements of this section.

(2) The department of revenue shall issue a sales and use tax deferral certificate for state and local sales and use taxes imposed or authorized under chapters 82.08, 82.12, and 82.14 RCW and RCW 81.104.170 on the project.

(3) A person granted a tax deferral under this section shall ((~~begin~~)) complete paying the deferred taxes ((~~in the 24th year after the date certified by the department of revenue as the date on which the project is operationally complete. The project is operationally~~

~~complete under this section when the replacement bridge is constructed and opened to traffic. The first payment is due on December 31st of the 24th calendar year after the certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment shall equal 10 percent of the deferred tax~~)) by June 30, 2026. It is the intent of the legislature that any nontoll accounts used to pay the deferred sales and use taxes will be reimbursed by toll revenues no later than December 31, 2050, which reflects prior legislative intent regarding the use of toll revenues for this purpose.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of a person granted a deferral under this section.

(5) Interest shall not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this section. The debt for deferred taxes is not extinguished by insolvency or other failure of any private entity granted a deferral under this section.

(6) Applications and any other information received by the department of revenue under this section are not confidential and are subject to disclosure. Chapter 82.32 RCW applies to the administration of this section.

(7) For purposes of this section, "person" has the same meaning as in RCW 82.04.030 and also includes the department of transportation.

NEW SECTION. **Sec. 7.** Sections 1 and 2 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

Passed by the Senate April 25, 2025.
Passed by the House April 24, 2025.
Approved by the Governor May 20, 2025.
Filed in Office of Secretary of State May 21, 2025.

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