## State Government Relations Updates

Transportation Policy Board





We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

**Updated** 

#### Federal Updates



- Budget Reconciliation
- Continuing Resolution extended through Sept 30
- Surface Transportation
   Reauthorization
- PSRC reporting form



#### Safe Streets and Roads for All NOFO Open

- NOFO released
- Applications due June 26, 2025
- \$1 billion available
- Upcoming Webinars:
  - 4/15 SS4A Implementation Grants
  - 4/17 SS4A Action Plans
  - 4/23 SS4A Supplemental Planning





### 2025 State Legislative Session

- Over 2,200 bills introduced
- Chambers considering opposite house bills
- April 16 Opposite House Cut-off
- Budget Negotiations



### 2025 Legislative Session Budget Outlook

- Operating budget deficit of \$12-\$15 billion
- Transportation budget deficit of \$8 billion, \$1-\$1.8 billion in FY 25-27

#### **Budget Pressures:**

- Lawsuits and tort claims
- Federal Funds ~ 30% of state budget
- Revenues down





## Senate Democrats Operating Budget Proposal

\$78.5b budget 2 yrs \$17b in new taxes, \$6.5b cuts 4 yrs

- Delays early learning and childcare programs
- Education \$2.2b special education and \$422m MSOC over 4 yrs
- Reduces state worker salary by 5%
- Uses rainy day fund
- Does not include \$100m for public safety



#### House Democrats Operating Budget Proposal



\$77.8b budget \$15b in new taxes

- Delays Early learning and childcare programs
- \$1b less in new \$ for special education and public schools
- Includes \$50m for new police officers and \$50m for crime prevention
- Does not rely on furloughs

<u>Democrats in Washington Legislature pitch</u> <u>competing budget plans</u> (WA State Standard)

#### Senate Democrats Revenue Proposal

- Financial Intangibles Tax \$10 on every \$1,000 of assessed alue of certain financial and cks, bonds, exchange for individuals with more from \$50 million of such assets
- Remove Cap on Employer Payroll
   Taxes 5% employer paid payroll
   tax for employees earning over
   176k (includes exemption for
   those paying Seattle tax)

- Property tax growth limit— Remove 1% cap, allowing growth by combined rate of population and inflation
- Repeal tax preferences
- Cut Sales tax from 6.5% to
  6%

<u>Senate Democrats Revenue</u> <u>Proposal</u>



#### House Democrats Revenue Proposal

- Financial Intangibles Tax \$8 on every \$1,000 of assess value of certain financial tocks, bonds every \$1,000 with first \$50 million exempt
- B & O Tax Increase 1% surcharge on businesses with taxable income over \$250m & increases surcharge on specified financial institutions with annual net income of \$1b or more from 1.2% to 1.9%.

Property tax growth flexibility

- maintains 1% cap on property tax growth but allows for increases based on inflation and population changes not to exceed 3%, adjusts school levy equalization methods to ensure equitable funding for historically underinvested areas of state

House Democrats Revenue
Proposal

#### Governor Ferguson

# April 4, Letter from OFM to Legislature

- Restrain new spending
- Identify efficiencies and savings
- Maintain reserves
- Concerns about federal funding

<u>As Ferguson details budget concerns,</u>
<u>Washington legislators see mixed</u>
<u>signals</u> (WA State Standard)



#### Transportation Budget

#### Senate

- Current Law and New law budget, revenue bill
- Furloughs workers
- \$500m reserve
- Move Ahead Completion Funding

#### House

- \$1b in reserves
- No reduction in preservation projects
- Delays \$1.3b in transportation projects but none currently under contract

#### **Both invest in:**

- Electric vehicles
- Hydrogen infrastructure

- Drayage trucks
- Sustainable aviation



#### **Washington State Ferries**

- Preserve resources for new vessels
- Delay hybrid electric ferry conversions, House delays terminal electrification
- House increases preservation by \$100m and \$40m for capital vessel investments
- Both fund ferry terminal security increase
- Senate directs to WSF to develop a renewable diesel demonstration project
- Kitsap & King County POF \$847m in Senate and \$2.76m in House



#### Transportation Budget: Revenue

- Both rely on increase in gas tax
  - House 9 cents Senate 6 cents
- House Highway Use Fee
- Senate general fund transfer

Comparison of Transportation Proposals



#### Senate Transportation Revenues

- 0.3% of state sales tax revenue dedicated to transportation budget
- 6 cent increase to state fuel tax indexed to inflation in FY2027
- Electric vehicle fee
- Rental car tax
- Luxury vehicle tax
- Title and registration fees
- Tire disposal fee
- Driver's license fees
- E-bike surcharge

- Large event transportation assessment
- Work zone safety violation 1<sup>st</sup> offense fine
- Increase traffic infraction assessment
- Washington State Ferries increases of 1.5% per year to ferry fares, impose credit card surcharge

Senate Transportation
Resources Summary



#### House Transportation Revenues

- 9 cent increase to fuel tax (gasoline and diesel) indexed to inflation beginning in FY2027
- Special Fuel (Diesel) Differential Rate 3 cent increase above gasoline rate in 2026, 3 cent increase in 2028, and indexed to inflation in 2029
- Weight fees for trucks and passenger vehicles
- Title and Registration Service and Filing fees

- Highway use fee (version of Road Usage Charge)
- Tire replacement tax
- Motor vehicle sales and use tax from .03% to 1% and graduated tax on vehicles worth more than \$50,000
- Washington State Ferries increases of 1.5% per year to ferry fares, impose credit card surcharge and increase capital vessel surcharge from 50 cents to \$1

House Revenue Summary



## **Executive Board Resolution**

- Supporting sustainable revenue to ensure continued critical investment in the state transportation system
- Board members recognized need for resources for maintenance and preservation, addressing safety on our roadways, restoring full ferry service & completing projects of regional significance



#### RESOLUTION NO. PSRC-EB-2025-01

A RESOLUTION of the Puget Sound Regional Council Supporting a Balanced

WHEREAS, the Puget Sound Regional Council is designated by local governments and WHEREAS, the Puget Sound Regional Council is designated by local governments and under federal and state laws as the Metropolitan Planning Organization and Regional Council for the Council Dispute Council C under rederal and state laws as the Metropolitan Planning Organization and Regional Transportation Planning Organization for the central Puget Sound region encompassing

WHEREAS, the Puget Sound Regional Council develops policies and coordinates decisions and economic development planning within the central WHEREAS, the Puget Sound Regional Council develops policies and coordinates decisions about regional growth, transportation and economic development planning within the central

WHEREAS, a primary responsibility of the Puget Sound Regional Council is to develop and maintain a long-range Regional Transportation Plan describing how the region will create a WHEREAS, a primary responsibility of the Puget Sound Regional Council is to develop and maintain a long-range Regional Transportation Plan describing how the region will create a soft and afficient multimodal transportation evertage.

maintain a iong-range кедіопаі і ransportation man describing now the region will crea sustainable, equitable, affordable, safe and efficient multimodal transportation system; WHEREAS, the Regional Transportation Plan places specific emphasis on an integrated whereas, the Regional Transportation rian places specific emphasis on an integrated regional transit network that supports the region's growth strategy and promotes vitality of

WHEREAS, safety on regional roadways is a critical concern and the Puget Sound Regional Council is adoption a Regional Safety Action Plan to reverse the troubling increase in WHEREAS, sarety on regional roadways is a critical concern and the Puget Sound Res Council is adopting a Regional Safety Action Plan to reverse the troubling increase in

Council is adopting a Regional Salety Action Plan to reverse the flooring increase in deaths and serious injuries on our roadways and to support the Washington State Strategic WHEREAS, the Washington State Ferries system is a marine highway system, alongside that is essential to Punet Sound communities, and investment PARSENCE OF THE WASHINGTON STATE FERRES SYSTEM IS A MARINE NIGHT WASHINGTON STATE OF THE WASHINGTON ST

passenger-only letry service, that is essential to Fuger Sound communities, and investment in new vessels, boat maintenance and workforce is needed to restore reliable cross-sound WHEREAS, the region's communities face a significant backlog of maintenance and

WHEREAS, the region's communities race a significant backlog of maintenance and preservation needs for roadways, bridges, sidewalks and other transportation infrastructure; WHEREAS, climate change is an urgent environmental, economic and equity threat, and the whereas, compare change is an urgent environmental, economic and equity times central Puget Sound region's leaders have committed to taking actions to reduce greenhouse gas emissions and create a sustainable urban region;

WHEREAS, costs of completing major transportation projects continue to increase and

WHEREAS, costs or completing major transportation projects continue to increase and projects of regional significance must be built as quickly as possible as the region continues

Resolution EB-2025-01



### **Transportation Bills**



- HB 1902 Streamlining
   Permitting for Transportation
   Projects
- SB 5773 Procurement & Delivery Models
- HB 1837 Intercity Passenger Rail
  - SB 5581 Safe System Approach



