

Recent Transportation Revenue Packages

Connecting Washington Act (CWA) Transportation Funding Package

The CWA transportation package, enacted in 2015, is estimated to provide \$16 billion in new resources for transportation purposes over 16 years. The CWA transportation package included enactment of:

- ESSB 5987, an omnibus transportation revenue bill with a number of state tax and fee increases, state tax incentive programs, and several local revenue options,
- 2ESSB 5988, the spending bill for the first biennium of the 16-year program, and,
- ESSB 5989, the additional state bond authority.

Increased CWA Taxes and Fees

The principal sources of new revenue in ESSB 5987 are an 11.9 cent per gallon fuel tax increase; an increase in passenger vehicle weight fees; and weight fees on trucks. Together, these changes raise over \$9 billion over the 16-year period, more than 75 percent of the new revenue (excluding bonds) in the plan.

- The fuel tax was increased in two steps: a 7 cent per gallon increase on August 1, 2015, and a 4.9 cent per gallon increase on July 1, 2016. The total state tax rate after the phase-in is 49.4 cents per gallon.
- The passenger vehicle weight fee increases took effect on July 1, 2016:
 - Vehicles at or below a weight of 4,000 lbs. are subject to an annual weight fee of \$25;
 - vehicles above 4,000 lbs. and up to 6,000 lbs., \$45;
 - vehicles above 6,000 lbs. and up to 8,000 lbs., \$65;
 - passenger vehicles with weights above these classes, \$65;
 - light truck weight fees were increased to \$35 annually, depending on weight.
- On July 1, 2022, owners of all passenger vehicle classes will be required to pay an additional \$10 increase annually.
- For owners of heavy trucks, a new freight project fee equal to 15 percent of the existing license fee by weight is required.

Estimated CWA revenues

The expected revenue by broad source category is shown in the table below both for the fiscal 2015-2017 biennium and for the 16-year transportation package period.

Connecting Washington: Estimated Resources (in \$ millions)		
Resource Category	2015-17 Fiscal Biennium	16 Year Total
Fuel Tax Increase	\$ 549	\$ 6,236
Passenger Vehicle Weight Fee	\$ 79	\$ 1,958
Truck Weight Fee	\$ 43	\$ 850
Reallocate Existing Funding	\$ 96	\$ 1,730
General Fund Transfer	\$ -	\$ 518
Bonds	\$ -	\$ 4,762
Other	\$ -	\$ 233
Grand Total	\$ 767	\$ 16,287

The Connecting Washington package includes a \$5.3 billion bond bill to allow for the financing of the various transportation capital projects included in the package. For the first time, a transportation bond bill pledges the repayment of principal and interest both from fuel taxes and vehicle registration fees, in addition to the full faith and credit of the state.

Planned CWA Expenditures

The CWA transportation funding package included a 16-year spending plan covering highway improvements; highway preservation; debt service; multimodal spending, including projects and programs for public transportation, rail, bicycles and pedestrians, and off-road users; city, county, and other local entity-sponsored projects; the state ferry system; the State Patrol; and fish passage culvert modifications. The package also included several tax incentive programs and several local transportation revenue options.

State **highway improvements** constitute the bulk of the planned spending in the CWA transportation package, with over \$8.4 billion allocated for projects across the state. Major projects included:

- \$1.875B for the Puget Sound Gateway project, featuring on the south end the construction of a new four lane alignment on SR 167 between I-5 in Tacoma and SR 161 in Puyallup and on the north end the connection of SR 509 south from SeaTac to I-5.
- \$1.642B for the SR 520 Seattle Corridor Improvements – West End project, completing corridor improvements between I-5 and the West High Rise.
- \$1.225B for the I-405 Renton to Lynnwood project, continuing the widening of the I-405 corridor between Renton and Bellevue, implementing Express Toll Lanes (ETL), and rebuilding impacted interchanges.
- \$878.9M for the US 395/North Spokane Corridor, completing the corridor from Francis Avenue to an interim connection with I-90.
- \$494M for the I-5 JBLM Corridor Improvements project, implementing southbound hard shoulder running between the Berkeley and Mounts Rd interchanges, reconstructing the Thorne and Berkeley interchanges, and subsequently adding northbound hard shoulder running.
- \$426M for the I-90 Snoqualmie Pass – Widen to Easton project, completing the widening from the end of the existing funded projects (MP 62) to Easton.

State **highway preservation, operations, maintenance, and facilities** are emphasized relative to the previous two transportation funding packages. At over \$1.4 billion allocated for these purposes, the amount of expected spending for the 16-year time frame is almost double that of the Transportation Partnership Act (TPA) in percentage terms.

Other elements of the state transportation system also receive funding under the package.

- Additional revenue was directed both to the State Patrol and to the State Ferry operations to address chronic funding imbalances.
- Over \$300 million in funding was provided to the State Ferry System for a fourth Olympic class vessel and to complete the rehabilitation of the Seattle and Mukilteo terminals.
- To address fish passage barrier removal needs, \$300 million is provided for improved culverts.

The CWA package includes several **multimodal components**. Several existing public transportation grant programs receive funding, including the Special Needs, the Regional Mobility, the Rural Mobility, and the Vanpool grant programs. In addition, a number of transit projects receive direct funding assistance, and some funding is allocated for the purpose of transit coordination in the Puget Sound

region. The Complete Streets grant program, created in 2011, was funded for the first time. The Safe Routes to Schools and Bicycle and Pedestrian Grant programs, already in place, received additional funding in the package, and several bicycle and pedestrian projects will receive direct assistance. The two-year and sixteen-year summary of funding for these multimodal programs is shown below.

Multimodal Program/Projects Connecting Washington Act	2015-17 Appropriation, \$ Millions	16-Year Allocation, \$ Millions
Special Needs Transit Grants	\$ 6.3	\$ 200
Rural Mobility Grant Program	\$ 3.4	\$ 110
Regional Mobility Grant Program	\$ 6.3	\$ 200
Vanpool Grant Program	\$ 1.0	\$ 31
Transit Coordination Grants	\$ 1.0	\$ 5
Transit Projects	\$ 13.9	\$ 111
Bike/Ped Grant Program	\$ 2.3	\$ 75
Bike/Ped Projects	\$ 9.4	\$ 89
Safe Routes to School Grant Program	\$ 1.8	\$ 56
Complete Streets Grant Program	\$ 3.3	\$ 106

Aside from public transportation, bicycle, and pedestrian components, there are also multimodal allocations for rail purposes.

- For the Palouse River and Coulee City state-owned railroad, \$47 million is set aside for track preservation and maintenance.
- Another \$33 million is allocated for slope stabilization.
- The Freight Rail Assistance Program (FRAP) is allocated and additional \$31 million.
- Local rail projects receive \$63 million in direct assistance.

The package, using multimodal funds as the funding source, continues and creates several **tax incentives** and funds an electric vehicle infrastructure bank.

- Funding is provided to continue the Commute Trip Reduction (CTR) tax credit program, an existing program that allows employers a limited amount of business and occupation tax or public utility tax credit for employee participation in the CTR program.
- Additional funds are provided to continue the Alternative Fuel Vehicle Sales and Use Tax Exemption, allowing purchasers of certain high-mileage vehicles to buy them tax-free.
- A new credit is created against business and occupation tax and public utility tax for the portion of the purchase price of an alternative fuel commercial vehicle.
- An electric vehicle infrastructure bank is capitalized by an additional \$50 fee on electric vehicles and plug-in hybrid vehicles. The bank is expected to leverage private investment for the installation of publicly accessible electric vehicle charging stations in Washington.

Lastly, **local governments** receive both direct funding and support for local projects in the CWA. Over the 16-year span of the package, cities and counties will receive an additional \$375 million in direct distributions of fuel taxes and multimodal funds.

Local projects which receive funding assistance include: the Duportail Bridge project in Richland; the Covington Connector in Covington; the 228th & Union Pacific Grade Separation in Kent; the Orchard

Street Connector in Bellingham; the East-West Corridor Overpass and Bridge in Yakima; and several others. In all, \$388 million is provided to help advance these local priorities over the package time frame.

Local Transportation Revenue Options

The CWA package further authorized with several local transportation revenue options including:

- Subject to voter approval, Sound Transit may impose a motor vehicle excise tax of up to 0.8 percent of the vehicle value; to increase sales and use taxes by an additional 0.5 percent; and, for the first time, to levy a regular property tax of up to 25 cents per \$1000 of assessed valuation.
- For a Transportation Benefit District, the governing body is given the authority to impose a vehicle fee of up to \$50 without a public vote, subject to several restrictions.
- Community Transit is authorized to increase its sales and use tax by 0.3 percent, subject to voter approval. Kitsap transit is authorized to establish a passenger-only ferry (POF) district within its boundaries, supported by several revenue options, including a 0.3 percent sales and use tax. The creation of the POF district, along with the supporting revenue measures, must be approved by the voters that live within the boundaries of the proposed district.

The Transportation Partnership Package

In 2005, the Legislature enacted the Transportation Partnership Act (TPA) to continue to address the significant transportation needs of the state, including the replacement of major facilities such as the SR 520 Bridge and the Alaskan Way Viaduct (AWV). The TPA funding package was estimated to raise \$8.5 billion over a 16-year period, including a 9.5 cent gas tax increase phased in over four years and vehicle weight fees on cars, light trucks, and SUVs. Of the estimated total, \$7.1 billion must be spent on highway purposes and \$1.4 billion are flexible funds which may be used for non-highway purposes.

Funding for activities eligible for 18th amendment funds totaled an estimated \$7.7 billion and included:

- \$2 billion for replacement of the Alaskan Way Viaduct and seawall;
- \$500 million for replacement of the SR 520 Bridge;
- Almost \$3 billion for congestion relief, including \$972 million for I-405 improvements;
- \$678 million for bridge replacement, seismic retrofit of bridges, and other safety projects;
- \$80 million for local grant programs (TIB, CRAB);
- \$185 million for ferry investments, including \$67 million for an additional vessel;
- \$523 million for local and state freight mobility projects; and,
- \$108 million for environmental mitigation projects.

Funding for non-highway purposes totaled \$680 million and included:

- \$340 million for regional transit grants and the Office of Transit Mobility;
- An additional \$55 million for special needs transit grants;
- \$58 million for pedestrian safety grants, including Safe Routes to Schools and Safe Routes to Transit;
- An additional \$12 million for the Commute Trip Reduction tax credit program;
- \$95 million in passenger rail investments; and,
- \$120 million in freight rail investments.

The Nickel Package

The 2003 Legislature adopted a ten-year transportation revenue package of \$4.2 billion, of which \$3.6 billion were funds restricted to highway purposes and \$600 million were flexible funds.

Known as the “Nickel” package, the 2003 finance package included:

- 5 cent increase of the gas tax;
- 15 percent increase in weight fees;
- three tenths of one percent increase in the sales tax on cars; and
- increase of the license plate retention fee to \$20.

At the time of passage, the 2003 Nickel package funded \$3.7 billion in highway improvements and \$475 million in program increases for non-highway purposes.

Funding for activities eligible for 18th amendment funds included:

- \$3 billion for congestion relief projects, of which \$700 million were for high-occupancy vehicle lane improvements;
- \$211 for safety projects, most of which was for design, right-of-way acquisition, and environmental compliance for the Alaskan Way Viaduct replacement project;
- \$145 million for preservation; and,
- approximately \$300 million for ferry system improvements.

Funding for non-highway purposes included:

- \$236 million in public transportation investments
 - \$30 million increase in the commute trip reduction tax credit;
 - \$30 million for new van pools;
 - \$75 million for rural transit agency grants; and,
 - \$98 million for special needs transportation grants to transit agencies and private non-profit transit service providers.

For a more complete history of the fuel tax, please see the Motor Vehicle Fuel page in the State Taxes and Fees Section, page 45.

