

Chair Proposed 2-5-2020
2020 New Law Transportation Funding Proposal Summary
15 Year: FY 2021 – FY 2035

Summary:

Option 1A - Carbon Fee Utilities Included:

Assumptions include imposing a flat rate \$10 per metric ton for utilities and \$15 per metric ton for other entities on July 1, 2021 on carbon dioxide emissions on the sale or use of fossil fuels within the state of Washington and the sale or use of electricity in Washington generated using fossil fuels.

Exemptions include: energy-intensive trade-exposed (EITE) facilities; the sale or use of coal transition power; fuel used solely for agricultural purposes; aircraft fuel; fossil fuels and electricity used to manufacture timber products; activities or property of Indian tribes and individual Indians that are exempt from state taxation as a matter of federal law or state law; eligible renewable resources; biogas, biodiesel, cellulosic ethanol, and renewable diesel; and a variety of other industries and entities.

Option 1B - Carbon Fee Transportation Sector Only, Utilities Excluded:

Assumptions include imposing a flat rate \$20 per metric ton on July 1, 2021 on carbon dioxide emissions on the sale or use of fossil fuels within the state of Washington for transportation sector fuels only. Utilities are excluded from this carbon fee.

Exemptions include fuel used solely for agricultural purposes; aircraft fuel; marine fuel; rail; and exported transportation fuel.

Revenue from the carbon fee is available for environmental investments throughout the transportation system including:

- Fish passage barrier removal/corrections;
- Removal of key local fish passage barriers using a watershed approach;
- Storm water improvements;
- Next generation ferry vessel and terminal investments including electrification initiatives;
- Energy grid upgrades targeting transportation electrification;
- Debt service repayment on related capital investments.

Option 2 - Cap and Invest Program:

Based on PSSB 5981, assumptions include creation of a program to cap and then reduce statewide greenhouse gas (GHG) emissions. GHG emissions allowances are distributed by the state in a declining amount each year to meet emission targets established for 2035 and 2050. The program is to be designed to link with other jurisdictions with similar trading programs.

The program starts January 1, 2021, for entities that emit equal to or greater than 25,000 metric tons of CO₂ equivalent and entities that choose to opt-in to the program. For EITEs, January 1, 2024. Exempted entities: Biomass, biofuel, aviation and watercraft fuels, coal-fired electric generation and national security facilities.

The state revenue from cap and invest system is available for environmental investments throughout the transportation system including:

- Fish passage barrier removal/corrections;
- Removal of key local fish passage barriers using a watershed approach;
- Storm water improvements;
- Next generation ferry vessel and terminal investments including electrification initiatives;
- Energy grid upgrades targeting transportation electrification;

Motor and Special Fuels Excise Tax:

Option 1A and Option 2 raise the state's fuel tax rate to 55.4 cents per gallon, an increase of 6 cents per gallon.

Option 1B Raises the state's fuel tax rate to 57.4 cents per gallon, an increase of 8 cents per gallon.

Revenue from the tax is available for transportation investments including:

- State highway and local road/street improvements and preservation;
- Tribal highway/road/street improvements and preservation;
- State highway maintenance;
- State highway traffic operations;
- State highway related facilities; and
- Debt service repayment on related capital investments.

Assessed Value Transportation Assessment:

Imposes a statewide transportation impact fee based on assessed value of 0.4% for commercial development, 0.1% for manufacturing development, and 0.2% for residential development. This assessment only applies to new construction. Exemptions are provided for designated forestland, agriculture land, and timberland.

Revenue from the fee is available for development and growth management investments including:

- State highway and local road/street improvements and preservation;
- Tribal transportation improvements and preservation;
- Direct distributions to cities and counties;
- Grant funding through CRAB, FMSIB, TIB, and WSDOT Local Programs including;
 - Bicycle and Pedestrian projects and grant program
 - Safe Routes to Schools grant program
 - Complete Streets grant program
- Removal of key local fish passage barriers using a watershed approach; and
- Grants to port districts.

Truck Fees:

Graduated freight project fee increases averaging 16% per biennium. International Fuel Tax Agreement (IFTA) Decal increased by \$22.50 & 3-day trip permit fee increased by \$20.

Revenue from the fees are available for transportation investments including:

- State highway and local road/street improvements and preservation;
- Tribal highway/road/street improvements and preservation;
- State highway maintenance;
- State highway traffic operations;
- State highway related facilities;
- Grant funding through FMSIB; and
- Grants to port districts.

Enhanced Driver's License (EDL) & Identicard (EID) Fee:

Increases the EDL and EID fees by \$15 beginning in October of 2020.

Revenue from the fee is available for transportation investments including:

- State highway and local road/street improvements and preservation;
- Tribal transportation improvements and preservation;
- State highway maintenance;
- State highway traffic operations;
- State highway related facilities;
- PCC railroad upgrades; and
- Grant funding through the WSDOT Public Transportation Program including:
 - Special Needs
 - Rural Mobility
 - Bus & Bus Facility
 - Vanpool
 - Transit Coordination
 - Commute Trip Reduction (CTR)

Auto Parts Sales & Use Tax:

Increases the sales and use tax rate on the sale of auto parts by 1%.

Revenue from the incremental increase in the tax is available for transportation investments including:

- State highway and local road/street improvements and preservation;
- Tribal highway/road/street improvements and preservation;
- State highway maintenance;
- State highway traffic operations; and
- State highway related facilities.

Rental Car Tax:

Increases the rental car tax by 1%.

Revenue from the incremental increase in the tax is available for transportation investments including:

- State highway and local road/street improvements and preservation;
- Tribal transportation improvements and preservation;
- State highway maintenance;
- State highway traffic operations; and
- State highway related facilities.

For-Hire Vehicle Fee:

Imposes a 50 cent per trip fee on for-hire vehicles which includes transportation network companies and taxicabs.

- State highway and local road/street improvements and preservation;
- Tribal transportation improvements and preservation;
- State highway maintenance;
- State highway traffic operations;
- State highway related facilities;
- PCC railroad upgrades; and
- Grant funding through the WSDOT Public Transportation Program including:
 - Special Needs
 - Rural Mobility
 - Bus & Bus Facility
 - Vanpool
 - Transit Coordination
 - Commute Trip Reduction (CTR)

Washington State Ferries (WSF) Capital Vessel Surcharge:

Raises the capital vessel surcharge to 75 cents, an increase of 25 cents.

Revenue from the surcharge is available for next generation ferry vessel and terminal investments including electrification initiatives.

Bicycle Sales & Use Tax:

Increases the sales and use tax rate on the sale of new bicycles, including e-bikes, by 1%.

Revenue from the tax is available for transportation investments including:

- Grant funding through WSDOT Local Programs including:
 - Bicycle and Pedestrian projects and grant program

- Safe Routes to Schools grant program
- Complete Streets grant program
- State highway and local road/street improvements and preservation; and
- Tribal transportation improvements and preservation.

Bond Authorization:

A \$5 billion bond authorization, backed by fuel tax revenues, is needed to expedite construction of priority capital projects identified by the Legislature.

Other Included Policy Initiatives:

- Identify watershed based fish passage barrier remediation and the US 2 trestle project as projects of statewide significance.
- Advance delivery of the SR 432 project.
- Legislation providing a \$50 document fee increase (\$200 total) for auto dealers.