

# SENATE BILL REPORT

## SB 5974

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As Reported by Senate Committee On:  
Transportation, February 14, 2022

**Title:** An act relating to transportation resources.

**Brief Description:** Addressing transportation resources.

**Sponsors:** Senators Liias, Saldaña, Carlyle, Cleveland, Das, Dhingra, Hunt, Kuderer, Lovelett, Lovick, Mullet, Nguyen, Nobles, Salomon, Trudeau, Wellman and Wilson, C..

**Brief History:**

**Committee Activity:** Transportation: 2/10/22, 2/11/22, 2/14/22 [DPS, DNP].

### Brief Summary of First Substitute Bill

- Provides direction and requirements on the spending for a portion of the funding generated under the Climate Commitment Act.
- Removes the requirement to consider and enact legislation dealing with compliance obligations for emissions-intensive and trade-exposed industries under the Climate Commitment Act.
- Repeals the current motor vehicle fuel tax exemption for exported fuel and replaces it with a credit system in which a \$0.06 per gallon tax would apply to some portion of exported fuel.
- Increases a variety of transportation taxes and fees and provides additional local government taxing authority.
- Removes language requiring passage of an additive transportation package before the Clean Fuel compliance and credit provisions go into effect.
- Makes transfers from the state general fund and other changes dealing with state general fund support.
- Makes a variety of other changes associated with financing and spending

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*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.*

assumptions, and with certain transportation policies, as provided in the Move Ahead WA transportation package.

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## SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5974 be substituted therefor, and the substitute bill do pass.

Signed by Senators Lias, Chair; Saldaña, Vice Chair; Cleveland, Das, Lovelett, Lovick, Nguyen, Nobles, Randall, Sheldon and Wilson, C.

**Minority Report:** Do not pass.

Signed by Senators King, Ranking Member; Hawkins, Holy, Padden and Wilson, J.

**Staff:** Bryon Moore (786-7726)

**Background:** Climate Commitment Act. In 2021, E2SSB 5126 (Climate Commitment Act) directed the Department of Ecology (Ecology) to implement a cap and invest program to reduce greenhouse gas (GHG) emissions consistent with the statewide statutory emissions limits. Starting on January 1, 2023, the cap and invest program will cover industrial facilities, certain fuel suppliers, in-state electricity generators, electricity importers, and natural gas distributors with annual greenhouse gas emissions above 25,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e).

Covered entities must either reduce their emissions, or obtain allowances to cover any remaining emissions. The total number of allowances will decrease over time to meet statutory limits. Some utilities and industries will be issued free allowances; other allowances will be auctioned. The cap and invest program must track, verify, and enforce compliance through the use of compliance instruments. A compliance instrument is an allowance or offset credit issued by Ecology or a trading program that has linked with Washington's cap and invest program. One compliance instrument is equal to one metric ton of CO<sub>2</sub>e.

Except for directly distributed, no-cost allowances allocated to certain entities, allowances under the cap and invest program must be distributed through auctions. Ecology must hold a maximum of four auctions each year, plus any necessary reserve auctions. An auction may include allowances from the annual allowance budget of the current year and allowances from the annual allowances budgets of prior years that remain to be distributed.

Upon completion and verification of auction results, the auction proceeds must be transferred to the state treasurer for specific deposits first to the Carbon Emissions Reduction Account (CERA) and the remaining auction proceeds to the Climate Investment Account and Air Quality and Health Disparities Improvement Account. The deposits to the

CERA are as follows:

- \$127,341,000 for FY 2023;
- \$356,697,000 for FY 2024;
- \$366,558,000 for FY 2025; and
- \$359,117,000 each year for fiscal years 2026 through 2037.

The deposits into the CERA must not exceed \$5.2 billion over the first 16 years. For FY 2038 and each year thereafter, 50 percent of the proceeds must be deposited to the CERA and 50 percent to the Climate Investment Account and Air Quality and Health Disparities Improvement Account.

Expenditures from the CERA may only be used for transportation carbon emissions reducing purposes, including investments in alternatives and reductions to single occupancy passenger vehicle use through alternative fuel infrastructure and incentives, and emission reduction programs for freight, ferries, and port activities. Expenditure may not be used for 18th amendment highway purposes, other than as specified in the account.

When allocating funds or administering grants funded by the Climate Commitment Act, agencies are required to conduct an environmental justice assessment and establish a minimum of not less than 35 percent, and a goal of 40 percent, of total investments to provide direct and meaningful benefits to vulnerable populations within overburdened communities.

Under the Climate Commitment Act, certain entities are identified as emissions-intensive and trade-exposed (EITE) industries. EITE facilities receive no cost allowance that decline over time depending on the compliance obligation time period. During the 2022 regular legislative session, Ecology must submit agency request legislation developed in consultation with EITEs, covered entities, environmental advocates, and overburdened communities that outlines a compliance pathway specific to EITEs for achieving their proportionate share of the state's emission reduction limits through 2050.

If, by April 1, 2023, the Legislature has not considered and enacted Ecology's request legislation, no expenditures may be made from the CERA, the Climate Investment Account, or the Air Quality and Health Disparities Improvement Account.

The 18th Amendment and Fuel Taxes. Since 1921, the state of Washington has levied a motor vehicle fuel tax (MVFT). The current MVFT is \$0.494 per gallon and is distributed among state highway programs, the state ferry system, and local governments. The state highway programs include revenue packages, such as the 2003 Transportation Nickel package, the 2005 Transportation Partnership, and the Connecting Washington package which the Legislature passed in 2015.

Adopted in 1944, the 18th Amendment to the Washington Constitution requires the state's MVFT, vehicle license 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.

Under current law, fuel exported from the state is exempt from the entire \$0.494 per gallon MVFT.

Aircraft Fuel Tax. The current aircraft fuel tax is \$0.11 per gallon. Fuel exempted from this tax includes exported fuel and fuel used for commercial use, research, testing, training, and emergency medical air transport.

Plate Fee. The current fee for original and replacement license plates for most vehicles is \$10. The current fee for original and replacement motorcycle license plates is \$4.

Dealer Temporary Permits. The current fee for a dealer temporary permit is \$15. The permit allows for the operation of a vehicle for which an application for registration has been made and is used until the receipt of permanent license plates.

Stolen Vehicle Check Fee. Vehicles previously registered in another state and registering in the state for the first time, must have a stolen vehicle check, whereby the vehicle is checked against national and state databases for any titling or other issues. The stolen vehicle check fee is \$15.

License Service Fee & License Plate Technology Fee. In addition to other licensing and registration fees, a \$0.50 license service fee and a \$0.25 for license plate technology fee is charged as part of most passenger cars and other vehicle registration transactions. These two fees do not apply to most registrations for light duty truck and larger trucks registered based on weight.

Enhanced Driver Licenses and Indentcards. An enhanced driver license (EDL) or enhanced identocard (EID) may be issued to a Washington resident who is also a United States citizen if they have confirmed their identity and citizenship. A person applying for an EDL must be at least 18 years old and any age for an enhanced ID card.

The fee for a six year EDL or EID is \$24 and the fee for an eight year EDL or EID is \$32. This fee is in addition to any other fees due for a driver license or identification card.

Auto Dealer Documentary Service Fee. Current law allows auto dealers to charge an optional fee up to \$150 for the administrative costs associated with titling, registration, tax collection, and other services. To collect this fee, the auto dealers must take a variety of actions including, disclosing to the buyer that the fee is negotiable.

Driver Abstract Fee. The driver abstract is a summary of an individual's driving record that is often used by employers or prospective employers, data brokers, volunteer organizations,

insurance carriers, alcohol and drug assessment or treatment agencies, or other entities. The current fee for a driver abstract is \$13.

Driver License Photo Only Fee. Individuals who wish to receive a replacement license or identicard to correct information on a driver license or identicard, such as obtaining an updated photograph or updating an address with a new card, may do so by paying a \$10 fee.

General Fund Backfill for Tax Exemptions and Credits. Currently, transportation accounts provide statutory transfers to backfill the state general fund for revenue loss from the following tax credit or exemption provisions:

- tax credits for employers implementing commute trip reduction incentives and support for their employees;
- alternative fuel vehicle retail sales and use tax exemptions under provisions of E2SHB 2042—green transportation—enacted in 2019;
- alternative fuel commercial vehicle and infrastructure tax credits under provisions of E2SHB 2042—green transportation —enacted in 2019.
- electric vehicle battery and hydrogen fuel cell, infrastructure, and zero-emission bus retail sales and use tax exemptions under provisions of E2SHB 2042—green transportation —enacted in 2019; and
- fuel cell electric vehicle retail sales and use tax exemptions program under provisions of 2SSB 5000—hydrogen fuel cell vehicles—enacted in 2021.

City Utility Tax. Any city or town in Washington may impose a utility business and occupation (B&O) tax upon the income of public and private utilities providing services within the boundaries of that city. Also referred to as a utility tax, the tax is imposed upon the utility itself and not the individual utility customers. Certain utility taxes, such as taxes on electricity, natural gas, steam, or telephone utilities, may not exceed 6 percent of the utilities income unless approved by voters. Water, sewer, solid waste, and stormwater utilities do not have a maximum limit for which they may be taxed. The revenue generated by a utility tax is unrestricted and may be used for any lawful governmental purpose.

Transportation Benefit Districts Sales Tax. A transportation benefit district (TBD) is an independent taxing district and quasi-municipal corporation. A TBD may be created to acquire, construct, improve, provide, and fund transportation improvement projects within a district. The legislative authority of a city or county may create a TBD, and other jurisdictions may be incorporated via interlocal agreements. Transportation benefit districts have the authority to raise revenue in a variety of ways, including a local sales and use tax of up to 0.2 percent subject to voter approval. A TBD may only impose a sales and use tax for ten years unless the proceeds are dedicated to the repayment of indebtedness. A sales and use tax may also be extended for an additional ten years with voter approval.

Border Area Fuel Tax. Cities and towns within ten miles of an international border crossing, and TBDs that have an international border crossing within their boundaries, are

eligible to impose a border area fuel tax. This tax may be up to \$0.01 per gallon on the retail sale of motor vehicle and special fuel, and may be imposed only after it is approved by a majority vote of the registered voters of the jurisdiction.

Hazardous Substance Tax Distribution. The hazardous substance tax is imposed on the first possession of hazardous substances in the state. The tax is generally imposed on a per-barrel basis and applies to petroleum products, certain pesticides, and certain chemicals.

Until the biennium after the enactment of an additive transportation funding act, \$50 million per biennium is transferred from hazardous substance tax collections to the Motor Vehicle Fund for stormwater activities. An additive transportation funding act means an act in which the combined total of new revenues deposited into the Motor Vehicle Fund and the Multimodal Transportation Account exceed \$2 billion per biennium.

Clean Fuels Program. In 2021, E3SHB 1091—reducing the carbon intensity of transportation fuel—directed Ecology to adopt a rule establishing a Clean Fuels Program (CFP) limiting the greenhouse gas (GHG) emissions attributable to each unit of transportation fuel—carbon intensity—to 20 percent below 2017 levels by 2038. The rule must reduce the overall, aggregate carbon intensity of transportation fuels used in Washington. The rule may only require aggregate carbon intensity reductions, and may not require a reduction in carbon intensity to be achieved by any individual type of transportation fuel. The rule must establish a start date for the program of no later than January 1, 2023.

A subsection of section 3 of E3SHB 1091 specified that the CFP may not begin assigning compliance obligations or allowing the generation of credits until the Legislature enacts an increase in the state motor vehicle and special fuel tax of at least \$0.05 per gallon. This subsection was vetoed by the Governor.

405/SR 167 Corridor Toll Lane Performance. The Washington State Transportation Commission (Commission) is the state's tolling authority with responsibility for setting toll rates, including the schedule of toll rates for the I-405/SR 167 corridor. The current minimum toll rate is \$0.75 and the maximum toll rate is \$10.00. The Department of Transportation (WSDOT) establishes performance standards for travel time, speed, and reliability for the corridor and its tolling system automatically adjusts the toll rate within the schedule established by the Commission, using dynamic tolling, to maintain the goal that average vehicle speeds in the toll lanes remain above 45 miles per hour at least 90 percent of the time during peak hours.

Automated Traffic Safety Cameras. Automated traffic safety cameras may be used to detect various traffic violations, specifically stoplight, railroad crossing, school speed zone violations, or speed violations in certain cities. Revenue generated from the cameras is treated like a parking infraction and remains with the local government.



In 2020, the Legislature authorized a pilot program through 2023 regarding the use of automated traffic safety cameras to detect certain stopping and restricted lane violations within cities with a population of greater than 500,000—currently the city of Seattle. Revenue generated under the pilot must be deposited in the state Cooper Jones Active Transportation Safety Account to be used for bicycle, pedestrian, and non-motorist safety improvement projects administered by the Washington Traffic Safety Commission. The other 50 percent of revenue generated must be used by the city only for improvements to transportation that support equitable access and mobility for persons with disabilities.

Electric Vehicle Grants & Programs. Various agencies of state government play a role in administering electric vehicle (EV) related grants and programs, including the Department of Commerce (Commerce) and WSDOT.

The Federal Infrastructure Investment and Jobs Act (Act) enacted in 2021, invests in the nation’s infrastructure, including EVs. The Act authorizes new spending to build out a national network of EV charging infrastructure along the national highway system. The Act also expands eligibility under the existing Surface Transportation Block Program to include the installation of EV charging infrastructure.

Complete Streets Grant Program. The Transportation Improvement Board (TIB) administers the Complete Streets grant program. One of the eligibility requirements for the grant is that a local government must have an adopted complete streets ordinance. TIB selects grant recipients each biennium based on a nomination process of local governments implementing project plans and designing streets to accommodate all users, including pedestrians, access to transit, cyclists, and motorists of all ages and abilities.

Rail/Amtrak Fares. Fares for Amtrak Cascades are governed at a national level through the Amtrak ticketing and fare structure. Oregon Department of Transportation (ODOT) is a co-sponsor of Amtrak Cascades service. Current youth discounts include:

- infant age 0-2—free;
- children age 2-12—50 percent off with a full-fare paying adult;
- children with disability—as above plus an additional 10 percent discount;
- students ages 17-24 years old—15 percent discount;
- age 13 to 18 years old—25 percent discount with 14 day advance purchase when available; and
- the Schools on Trains program for school or community groups of 20 or more offers students in grades K-12—and their designated chaperones—a group trip price of \$17 per person—round-trip or one-way—anywhere between Bellingham and Portland, or between Portland and Eugene.

Ferry Fares. The Commission is responsible for adopting fares and pricing policies for the Washington State Ferries. The Commission adopts fare and pricing on September 1st of each year for the ensuing year.

**Summary of Bill (First Substitute): LEAP Lists.** The Legislature intends to program funding from various resources in the act for the activities identified on the following Legislative Evaluation and Accountability Program (LEAP) Committee lists:

- LEAP Transportation Document 2022-B as developed February 14, 2022;
- LEAP Transportation Document 2022 NL-1 as developed February 14, 2022;
- LEAP Transportation Document 2022 NL-2 as developed February 14, 2022; and
- LEAP Transportation Document 2022 NL-3 as developed February 14, 2022.

Climate Commitment Act. The provision is removed that would have required the Legislature to consider and enact Ecology's request legislation dealing with the compliance pathway for EITEs by April 1, 2023 in order for expenditures to continue from the Carbon Emissions Reduction Account (CERA), the Climate Investment Account, or the Air Quality and Health Disparities Improvement Account.

The Carbon Emissions Reduction Account appropriations in the omnibus transportation appropriations act are limited to the following categories of spending:

- active transportation;
- transit programs and projects;
- alternative fuel and electrification;
- ferries; and
- rail.

The Climate Active Transportation Account (CATA) is created and the account will receive 24 percent of the revenues accruing each year to the CERA. The allowable uses from the CATA are limited to:

- Safe Routes to Schools;
- School-Based Bike programs;
- Bicycle and Pedestrian Grants;
- The Complete Streets grant program;
- The Connecting Communities grant program; and
- Pedestrian and bicycle, or other active transportation projects identified in an omnibus transportation appropriations act.

The Climate Transit Programs Account (CTPA) is created in the state treasury and the account will receive 56 percent of the revenues accruing each year to the CERA. The allowable uses from CTPA are limited to:

- Transit Support grants;
- Tribal Transit Mobility grants;
- Transit Coordination grants;
- Special Needs Transit grants;
- Bus and Bus Facility grant program;
- Green transit grants;
- Transportation Demand Management grants; and
- transit projects identified in an omnibus transportation appropriations act.



The Legislature intends to program funding from the CERA, the CATA, and CTPA for the activities identified in LEAP Transportation Document 2022-A as developed February 14, 2022.

The expenditures from the CATA and CTPA are made subject to the same environmental justice assessment and investment for vulnerable populations within overburdened communities requirements as other Climate Commitment Act funding.

Exported Fuel Taxes. Effective June 30, 2023, the \$0.494 per gallon motor vehicle fuel tax (MVFT) exemption, as it applies to fuel produced in Washington but exported to other states within the United States, is repealed and replaced with a credit system. The credit is limited to \$0.434 per gallon. This effectively means that the maximum MVFT imposed on fuel exported from the state would be \$0.06 per gallon. However, the portion of the exported fuel that is destined for a state with a MFVT rate higher than Washington would receive a full credit and would not be subject to the \$0.06 per gallon MVFT exported fuel rate.

The increased revenue from the change to an exported fuel tax credit system will be deposited in the Move Ahead WA Account within the Motor Vehicle Fund.

Aircraft Fuel Tax. Beginning July 1, 2022, the aircraft fuel tax is increased from \$0.11 per gallon to \$0.18per gallon. The revenue will be deposited in the Aeronautics Account.

Plate Fee. Beginning July 1, 2022, the original plate fee is increased from \$10 to \$50 and the replacement plate fee is increased from \$10 to \$30. Beginning July 1, 2022, the original motorcycle plate fee is increased from \$4 to \$20 and the motorcycle replacement plate fee is increased \$4 to \$12. The plate fee increases will be deposited in the Move Ahead WA Account.

Stolen Vehicle Check Fee. Beginning July 1, 2022, the stolen vehicle check fee is increased from \$15 to \$50. The revenue from the fee increase will be deposited in the Move Ahead WA Account.

Dealer Temporary Permits. Beginning July 1, 2022, the dealer temporary permit is increased from \$15 to \$40. The revenue from the fee increase will be deposited in the Move Ahead WA Account.

Enhanced Driver Licenses and Indenticards. Beginning October 1, 2022, the enhanced driver license or enhanced ID card fee is increased from \$24 to \$42 for a six year license and from \$32 to \$56 for an eight year license. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

Driver Abstract Fee. The driver abstract fee is increased from \$13 to \$15 on October 1,

2022, and then increased again to \$17 on July 1, 2029. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

License Service Fee & License Plate Technology Fee. Beginning July 1, 2022, light, medium and heavy duty trucks are made subject to the \$0.50 license service fee and the \$0.25 license plate technology fee. The additional license service fee revenue and the additional license plate technology fee revenue will be deposited in the Move Ahead WA Account.

Driver License Photo and Update Only Fee. Beginning October 1, 2022, the fee for individuals wishing to correct information on a driver license or identicard, such as obtaining an updated photograph, is increased from \$10 to \$20. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

Auto Dealer Documentary Service Fee. Beginning July 1, 2022, the maximum authorized level for the optional auto dealer document service fee is increased from \$150 to \$200.

Sales and Use Tax Equivalent on Construction to Transportation. For fiscal years 2026 through fiscal year 2038, the state treasurer must make annual transfers of \$31 million from the general fund to the Move Ahead WA Flexible Account. This represents an estimate of the state sales and use tax generated off of the construction projects in the Move Ahead WA transportation package over sixteen years.

General Fund Backfill for Tax Exemptions and Credits. Beginning July 1, 2022, the transfer from transportation accounts to backfill the state general fund for revenue loss from the following tax credit or exemption provisions is eliminated. The actual provisions around these tax credit and exemptions remain unchanged, but the source supporting them changes from transportation accounts to the state general fund. These are:

- tax credits for large employers implementing commute trip reduction incentives and support for their employees;
- alternative fuel vehicle retail sales and use tax exemptions under provisions of E2SHB 2042—green transportation—enacted in 2019;
- alternative fuel commercial vehicle and infrastructure tax credits under provisions of E2SHB 2042—green transportation—enacted in 2019;
- electric vehicle battery and hydrogen fuel cell, infrastructure, and zero-emission bus retail sales and use tax exemptions under provisions of E2SHB 2042—green transportation—enacted in 2019; and
- fuel cell electric vehicle retail sales and use tax exemptions program under provisions of 2SSB 5000—hydrogen fuel cell vehicles—enacted in 2021.

Hazardous Substance Tax Distribution. The passage of the Move Ahead WA or any other additive transportation act enacted before July 1, 2023, is exempted from the provision requiring termination of the \$50 million per biennium transfer from hazardous substance tax collections to the Motor Vehicle Fund for stormwater activities.

City Utility Tax. Cities or towns may councilmanically impose a utility tax of up to 2 percent on natural gas, steam energy, and telephone utilities to be used exclusively for transportation improvements in a state, regional, or local transportation plan. This is in addition to existing authority to impose an unrestricted utility tax.

Transportation Benefit Districts Sales Tax. The TBD sales tax authority is increased to 0.3 percent, most of which is subject to voter approval. However, within the 0.3 percent authority, TBDs that include all the territory within the boundaries of the establishing jurisdictions may councilmanically impose a sales and use tax of up to 0.1 percent.

Border Area Fuel Tax. The authority for cities and towns within ten miles of an international border crossing, and TBDs that have an international border crossing within their boundaries, to impose a border area fuel tax is increased from \$0.01 to \$0.02, subject to voter approval. After calendar year 2022, the maximum \$0.02 authority may be increased by inflation.

Clean Fuels Program. Section 3 of E3SHB 1091—reducing the carbon intensity of transportation fuel, which was one of the main sections providing authority for Ecology to implement the clean fuels program (CFP), is repealed. A new section is added in statute that is identical to section 3, except for the vetoed subsection which specified that the CFP could not begin assigning compliance obligations or allowing the generation of credits until the Legislature enacted an increase in the state motor vehicle and special fuel tax of at least five cents per gallon. Other sections of E3SHB 1091 are amended to update references to the new section.

Move Ahead WA Account. The Move Ahead WA Account is created in the motor vehicle fund. The account is appropriated and can be used only for projects or improvements identified as Move Ahead WA projects or improvements in a transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements. The account is allowed to retain its own interest.

Move Ahead WA Flexible Account. The Move Ahead WA Flexible Account is created in the state treasury. The account is appropriated and can only be used only for transportation projects, programs, or activities identified as Move Ahead WA flexible projects, programs, or activities in a transportation appropriations act. The account is allowed to retain its own interest.

I-405/SR 167 Corridor Toll Lane Performance. The Legislature finds that toll lane performance on the I-405/SR 167 corridors has not met the goal that average vehicle speeds in the express toll lanes remain above 45 miles per hour at least 90 percent of the time during peak hours. Therefore, the Legislature intends that the Washington State Transportation Commission reevaluate options, pursuant to its toll setting authority, at least every two years to improve performance on the Interstate 405 and state route number 167

corridors.

Electric Vehicle Goal A target is established that all passenger and light duty vehicles of model year 2030 or later be electric vehicles, and requires the Interagency Electric Vehicle Coordinating Council to complete a scoping plan for achieving the 2030 target.

Automated Traffic Safety Cameras. The use of automated traffic safety cameras is expanded to allow cameras to detect speed violations in school walk areas, public park speed zones, and hospital speed zones. Additionally, cities may use the cameras to detect speed violations, specifically set at one camera per 10,000 in population. Revenues generated from the expanded use of the cameras to detect speed violations must go 50 percent to the state Cooper Jones Active Transportation Safety Account and then 50 percent for any local purpose. Finally, the Seattle automated traffic safety camera pilot program is extended by two years to 2025.

Interagency Electric Vehicle Coordinating Council. The Interagency Electric Vehicle Coordinating Council is created, to be jointly led by WSDOT and the Department of Commerce. The Council must develop a statewide electrification strategy to ensure readiness for all new vehicle sales; identify all electric vehicle infrastructure grant related funding; and coordinate electric vehicle grant funding criteria across agency grant programs.

Bus and Bus Facilities Grants. WSDOT must create a competitive bus and bus facility grant program to provide grants for replacement, rehabilitation, construction, or modification of transit rolling stock and facilities. Transit rolling stock is defined to include, but not limited to, buses, ferries, and vans. No grantee of the program may receive more than 35 percent of the total amount and fuel type may not be a factor. WSDOT must create an advisory committee to establish grant criteria.

Connecting Communities. The Connecting Communities grant program is created at WSDOT to reconnect communities that have been bisected by transportation facilities. Grant funds are eligible to be used for active transportation connections to transit facilities, commercial centers or other community identified assets, as well as improvement planning and development for active transportation facilities.

Incorporate Complete Street Concepts into Highway Projects. All state transportation projects starting design on or after July 1, 2022 that are \$500,000 or more must incorporate principles of complete streets design. WSDOT must identify locations on state rights of way that have inadequate bicycle and pedestrian facilities, consult with local jurisdictions to confirm existing and planned active transportation connections for integration of the state route to the local network, and modify speed limits appropriate to roadway design and local context.

School Based Bike Safety Program. The School Based Bike Safety Grant program is

created at WSDOT. The grant consists of two programs targeted to middle through high school students to increase access to cycling and provide a basis of safety education. The program for elementary and middle school must partner with school districts to provide in-school bike and pedestrian safety education, with eligibility of school grades 3-6. Participating youth will have the opportunity to receive a bike, lock, helmet, and lights free of charge with program participation. The junior high and high school program, for youths aged between 14-18 years of age, will deploy a bicycling and road safety education curriculum with the goal of increasing diversity and representation in the cycling community.

Rail/ Amtrak Fares. WSDOT is directed to negotiate with ODOT with the intent to jointly submit a fare revision to Amtrak to eliminate fares for Amtrak Cascades passengers 18 years of age and younger.

Ferry Fares. The Washington State Transportation Commission is directed to adopt a fare-free policy for the Washington State Ferries for all passengers 18 years of age and younger. The policy must be enacted by October 1, 2022 and would apply to both walk-on riders and passengers in vehicles.

Transit Support Grants. A Transit Support Grant program is established within WSDOT to provide operating and capital support to transit agencies statewide that offer fare-free for all passengers 18 years of age and younger. The grant program will be prorated on the most recently published version of WSDOT's "Summary of Public Transportation," no transit agency may receive more than 35 percent of the distribution, and fuel type cannot be factor for grant selection. In order to be eligible for the grant, public transportation agencies must maintain or increase their local sales tax authority on or after January 1, 2022.

Ferries Plan. The Legislature intends to fully fund the vessel and terminal electrification program in accordance with the Washington State Ferries 2040 Long Range Plan. The Legislature finds that to attain the 2040 target fleet size of 26 vessels, a biennial replacement schedule is necessary to ensure the level of ferry service and reliability expected by the public. By June 30, 2025, the Legislature will secure funding options, including but not limited to a vessel surcharge, to devote the resources necessary to fulfill the vessel and terminal needs outlined in the 2040 Long Range Plan.

**EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute):**

- Delays the start date for the implementation of the \$0.06 exported fuel tax credit system from February 1, 2023, to June 30, 2023.
- Replaces the summary list of spending items the Legislature intends to fund from the Carbon Emissions Reduction Account, the Climate Active Transportation Account, and the Climate Transit programs—list 2022-A.
- Adds references to a summary list—2022-B—of spending items the Legislature

- intends to fund from various resources in this act, and references to specific project lists—2022 NL-1, NL-2, and NL-3—the Legislature intends to fund from various resources in this act.
- Changes the beginning dates of the statutory transfers from the Carbon Emissions Reduction Account to the two newly created accounts from July 1, 2022, to July 1, 2023.
  - Requires the Interagency Electric Vehicle Coordinating Council, rather than the Department of Commerce, to complete a scoping plan for achieving the 2030 electric vehicle sales target.
  - Provides that the first \$4 per year of issuance generated from the enhanced driver's license and enhanced identicard must be deposited into the Highway Safety Fund.
  - Clarifies that the Cooper Jones Active Transportation Safety Account receives revenue generated from the expanded use of automated traffic safety cameras.
  - Adds the Office of Financial Management to the list of agencies participating in the Interagency Electric Vehicle Coordinating Council.
  - Provides that the license plate technology fee increase and the license service fee increase apply to registrations that become due on or after January 1, 2023.
  - Provides intent language regarding fully funding various ferry activities in accordance with the Washington State Ferries 2040 Long Range Plan, including that the Legislature will secure funding to enact the terminal and vessel electrification program in accordance with the plan.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 2022.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains several effective dates. Please refer to the bill.

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* Please refer to the February 10, 2022 recording of the public hearing on the Senate Transportation Committee Schedules, Agendas & Documents website at: <https://app.leg.wa.gov/committeeschedules/#//TRAN/>.

**Persons Testifying:** PRO: Senator Marko Liias, Prime Sponsor; Mike Nelson, Mayor of Edmonds; Toshiko Hasegawa, Port of Seattle; Shawn Donaghy, C-TRAN; Keith Scully, Mayor of Shoreline; Kristina Walker, Pierce Transit; Ryan Mello, Pierce County Council; Kelli Refer, Move Redmond; Laura Svancarek, Downtown on the Go; Laila Ghan, Sustainable Tri-Cities; Dana Ralph, Mayor - City of Kent; Barbara de Michele; Marc Daily; Vicki Lowe, City of Sequim; David Troutt, Nisqually Tribe; Tye Menser, Thurston County Commissioner; Bill Adamson, South Sound Military & Communities Partnership; Armondo Pavone, Mayor, City of Renton; Jim Corenman, Ferry Advisory Executive Committee; Kim Roscoe, Mayor, City of Fife; Jill Mackie, Vigor; Steve Ewing, Lake Stevens City Council



President; Jeremy Une, ATU 587; Kent Keel, Sound Transit; Sean Eagan, The Northwest Seaport Alliance; Mark Russell, City of Olympia Deputy Public Works Director; Megan Ching, Director of Monorail Service; Joe A Kunzler, None; Paula Swedeen, Conservation Northwest; Quinn Majeski, City of Seattle; Lindsey Schromen-Wawrin, City of Port Angeles; Brandy DeLange, AWC; Ron Arp, Identity Clark County; Mike Bomar, Port of Vancouver USA; Jeff DeVere, Nichols Brothers Boat Builders/Everett Ship Repair; Gordon Baxter, Puget Sound Metal Trades Council, AFL-CIO; Randall McCoy, Bicycle Advisory Committee of Clallam County / Port Angeles; Katherine Hollis, Eastrail Partners; Genesee Adkins, WSP USA; Megan Dunn, Snohomish County Council; Lynne Robinson, Mayor, City of Bellevue; Rick Hughes, Ray's Pharmacy - Orcas Island; Andrew Villeneuve, Northwest Progressive Institute; Rami Al-Kabra, City of Bothell, Deputy Mayor; Nigel Herbig, City of Kenmore, Mayor; Luke Esser, Kalispel Tribe; Misha Lujan, Economic Alliance Snohomish County; Catherine Ushka, Deputy Mayor, City of Tacoma; Rob Johnson, Climate Pledge Arena.

CON: Laurie Layne.

OTHER: Craig Maloney, Mayor Pro-Tem of Pasco; Angela Birney, City of Redmond Mayor; Scott Korthuis, Mayor of Lynden; Jane Wall, County Road Administration Board; Isaac Kastama, Clean & Prosperous Washington; Karen Glitman, Center for Sustainable Energy; Gladys Gillis, Transportation Demand Management, LLC; Alec Cervenka, Kenworth Truck Company; Bart Treece, Director of the Mobility Innovation Center at the University of Washington; Matt Ransom, Southwest Washington Regional Transportation Council; Amber Carter, Portland Vancouver Junction Railroad; Mary Paterson; Warren Hendrickson, Washington State Aviation Alliance; Axel Swanson, Washington State Association of County Engineers; Chris Herman, Washington Public Ports Association; Stephanie Barnard, Tri-City Regional Chamber of Commerce; Coleen Anderson; Sandra Toussaint, AFSCME Council 28/WFSE; Lael White, Climate Rail Alliance; Will Knedlik, Washington State Good Roads and Transportation Association.

**Persons Signed In To Testify But Not Testifying:** PRO: Tom McBride, Kitsap County; VERONICA JARVIS, Thurston Regional Planning Council and TDM.

CON: Dan Kirschner, Northwest Gas Association.

OTHER: Thomas White; Martha Burke, Retired; Arvia Morris; John Worthington, AAMC; Primo Stone.