WASHINGTON STATE COUNTY ROAD ADMINISTRATION BOARD

An Insider's Guide to What's New and What's Next for the Gas Tax

Deputy Director Drew Woods, PE

What We'll Be Covering Today

Where does the MVFT come from?

A brief background on how we got here

Where does it go?

How your portion is calculated and how you can maximize it

What's next for the MVFT?

What the future looks like for transportation funding

Q&A

Where does the MVFT come from?

A brief background on how we got here

Sprinkling Fresh Concrete Pavement
Snohomish County, 1916

What is the Motor Vehicle Fuel Tax?

The Motor Vehicle Fuel Tax (MVFT) is an excise tax imposed on the sale of fuel for transportation and other purposes.

- It is collected by state and federal agencies, and the rate varies by state and fuel type.
- It is used for various purposes, such as constructing and maintaining roads, bridges and ferries; installing and maintaining traffic lights; policing state public highways; purchasing right of ways and operating movable span bridges.

History of the MVFT in Washington State

MVFT Established

The Legislature established its first gas tax of 1¢/gallon, raising $900k for road construction and maintenance.

The move to relying directly on road users rather than the general tax base and special levies was a significant milestone.

1921

Revenue Use Restrictions

Adopted by Washington state voters in 1944, "18th Amendment", limiting transportation-related revenues to highway use in response to numerous Depression Era efforts to reallocate funds to other areas.

1944

Distribution Formulas Enacted

The Legislature determined the formula for equitable distribution to counties that is still in effect today, with only minor revisions and amendments in 1988.

1954

Oversight Moved to CRAB

CRAB was given the responsibility to determine each county's share of the gas tax, which includes the biennial and annual calculations.

1985

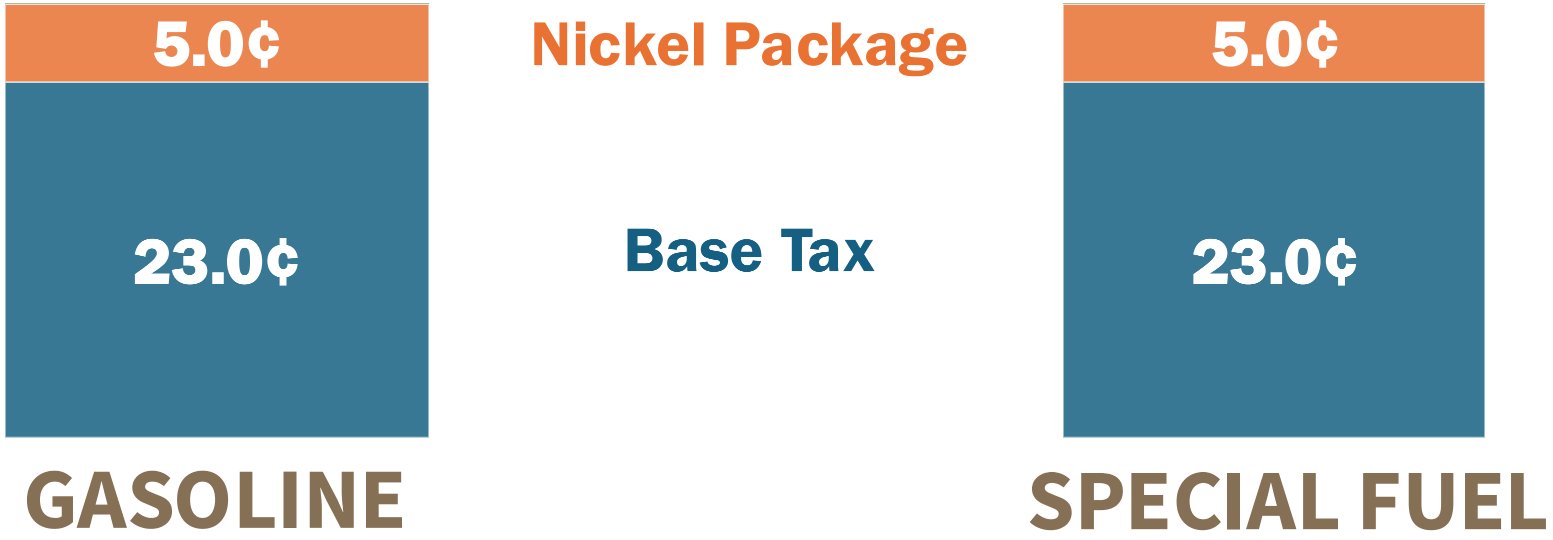
How is it Collected? The MVFT Stack

RCW 82.38.030 states what MVFT is collected begins with 23¢ per gallon

GASOLINE		SPECIAL FUEL
23.0¢	**Base Tax**	23.0¢

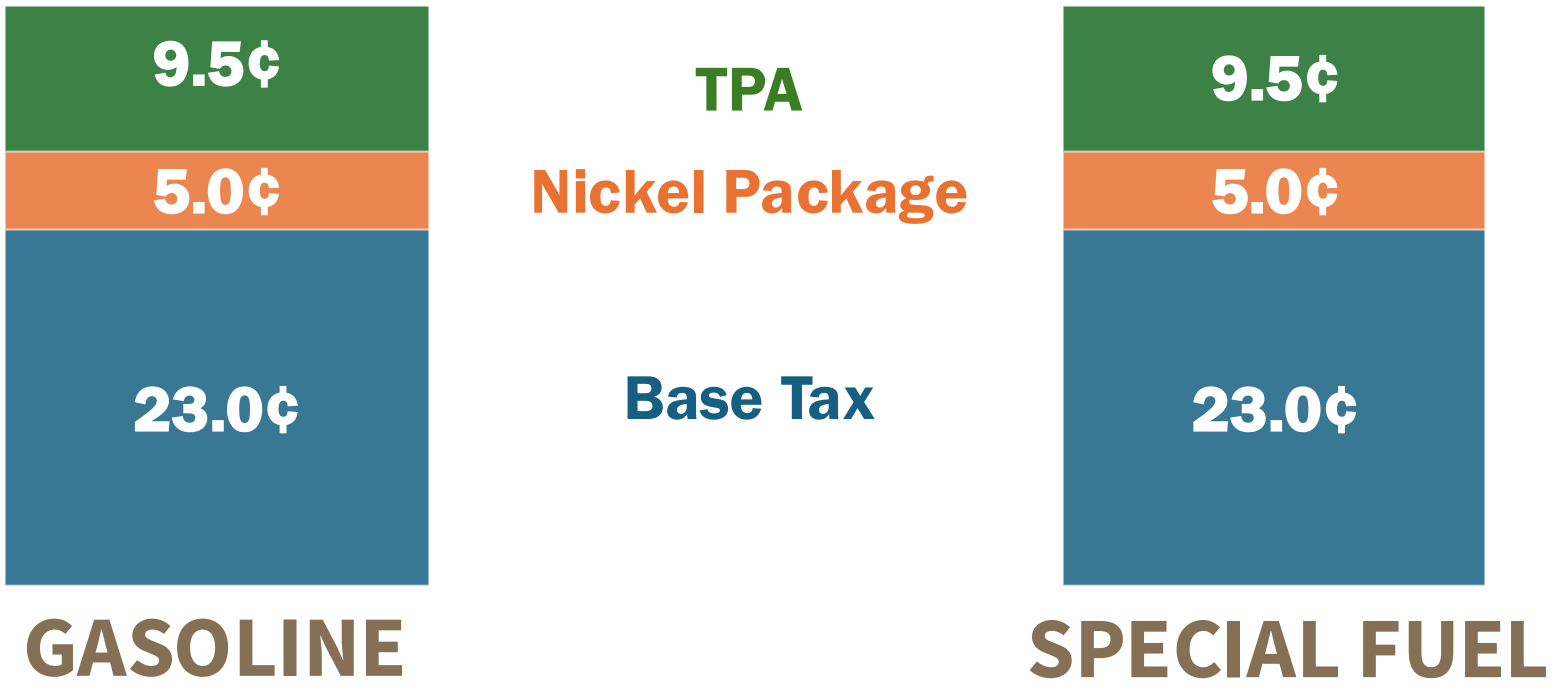
How is it Collected? The MVFT Stack

In 2003, the 5 cent Nickel Package was passed.



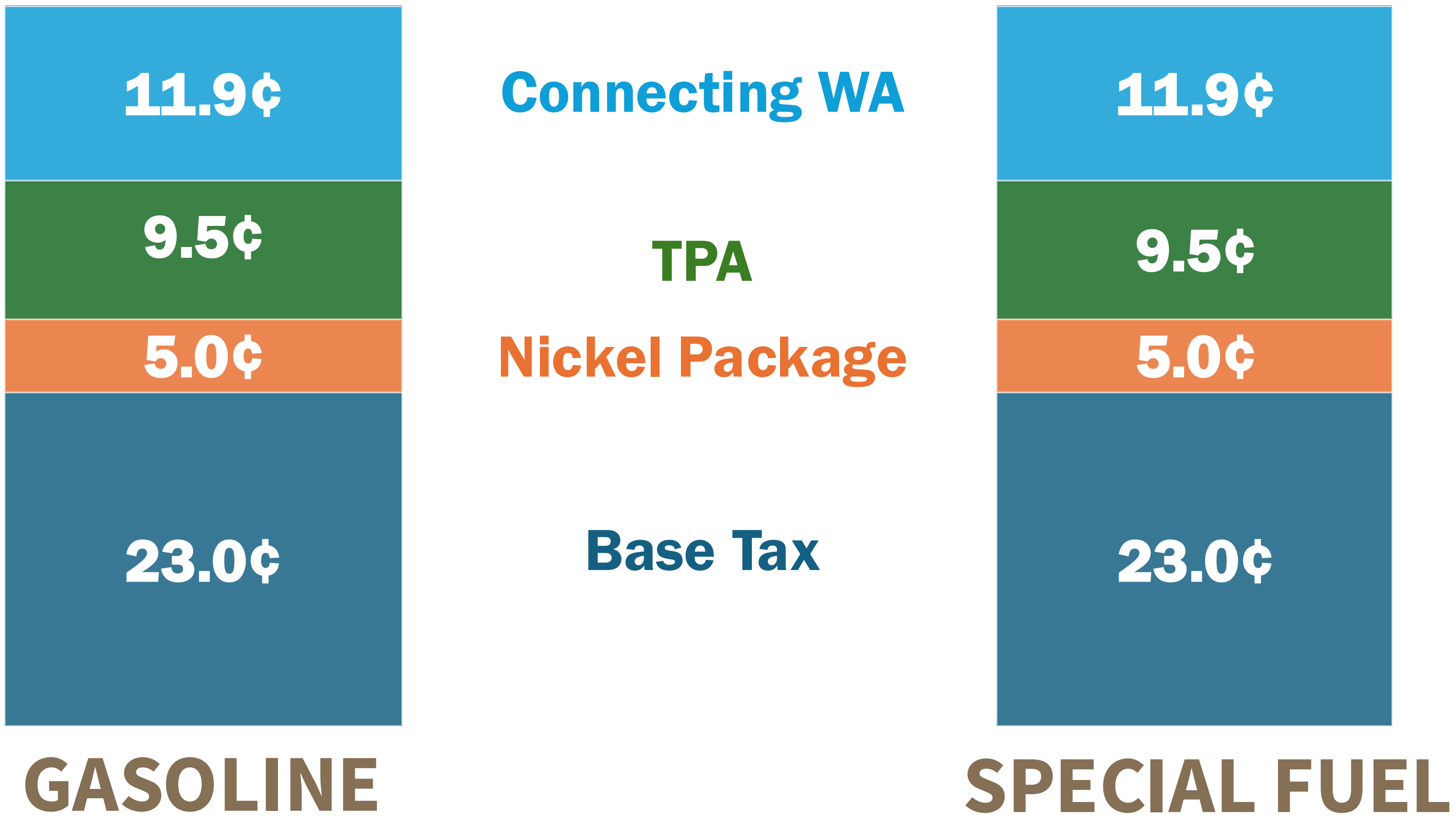
How is it Collected? The MVFT Stack

The Transportation Partnership Act (TPA) increased the tax in 2005 (3 cents), 2006 (3 cents), 2007 (2 cents), and 2008 (1.5 cents).

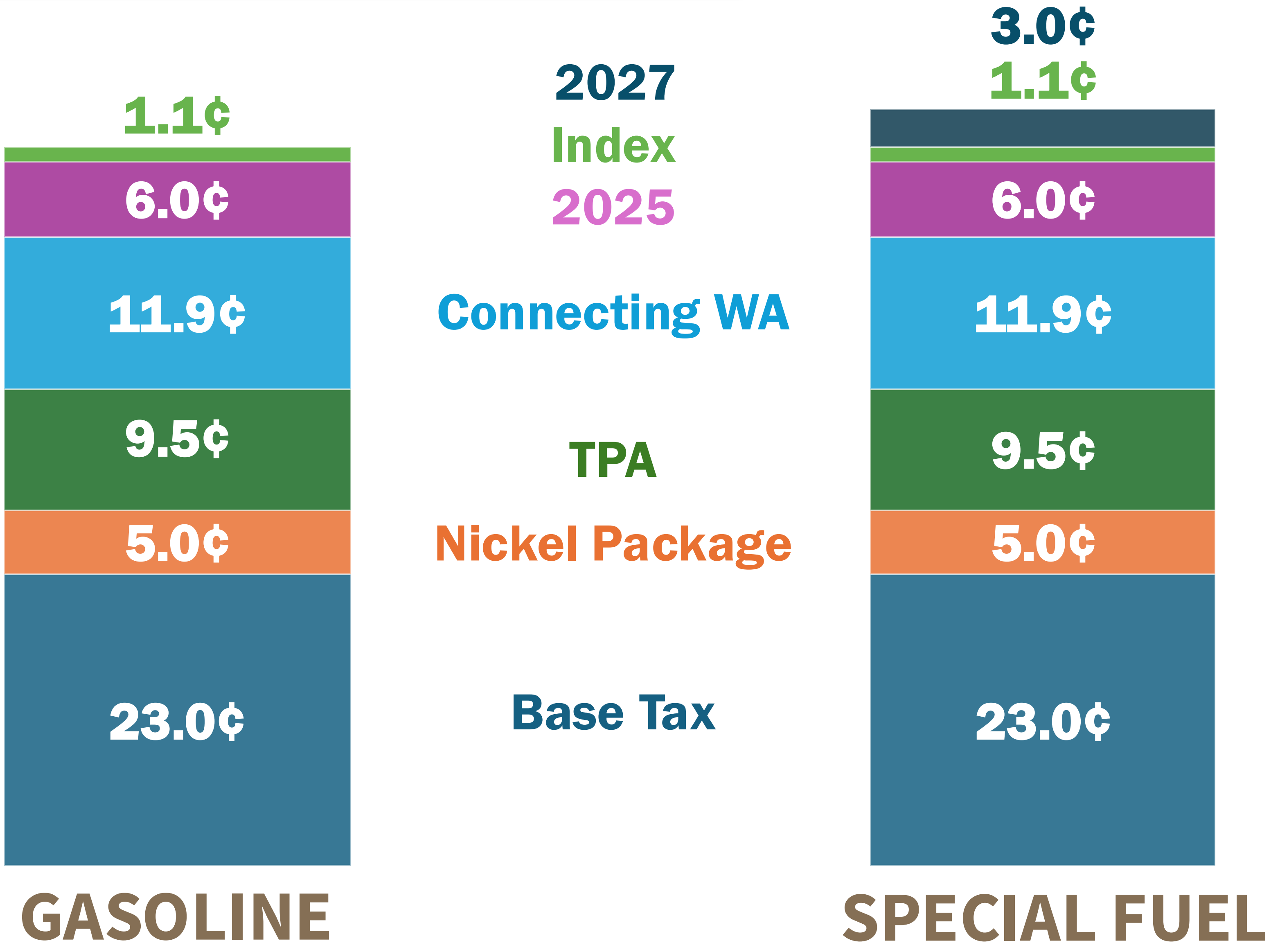


How is it Collected? The MVFT Stack

Connecting Washington increased the tax in 2015 (7 cents) and 2016 (4.9 cents).



How is it Collected? The MVFT Stack



The 2025 Transportation Revenue Pkg increases the tax in 2025 (6 cents), 2026 (index 2%/yr), 2027 (3 cents special fuel), and 2028 (index special fuel 2%/yr).

Where does it go?

How your portion is calculated and
how you can maximize it

First Car from Index to Galena
Snohomish County, 1911

How is the MVFT Distributed?

STATE

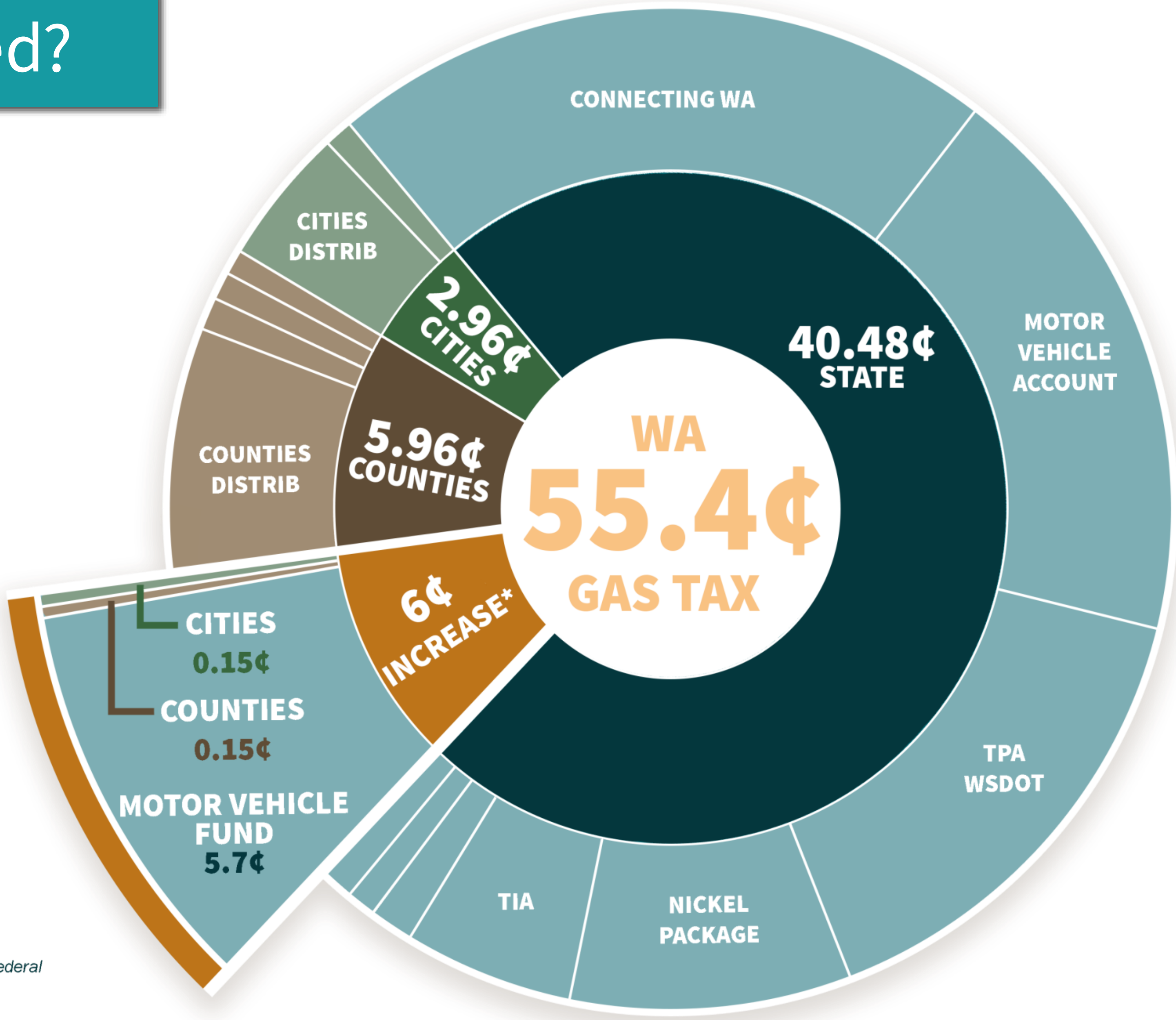
11.90¢ Connecting WA Acct
10.21¢ State Highway Motor Vehicle Fund
8.50¢ Transportation Partnership Acct - WSDOT
5.00¢ State Highway Nickel Package
3.04¢ Transportation Improvement Acct
0.75¢ State Highway Category C Acct
0.54¢ Ferry Capital Construction
0.54¢ Ferry Operations

COUNTIES

4.43¢ Counties Distribution
0.58¢ Rural Arterial Transportation Acct
0.50¢ Transportation Partnership Acct - Counties
0.45¢ County Arterial Preservation Acct

CITIES

2.46¢ Cities and Towns Distribution
0.50¢ Transportation Partnership Acct - Cities



Beginning July 1, 2026 and July 1, 2028, the fuel tax increases authorized under ESSB 5801 will increase by a 2% inflation adjustment factor annually. The 55.4¢ rate does not include the 18.4¢ federal fuel tax. Distributions of the Motor Vehicle Fuel Tax are made in accordance with RCW 46.68.090.

How is the MVFT Distributed to Counties?

RCW 46.68.090 states how MVFT is to be distributed.

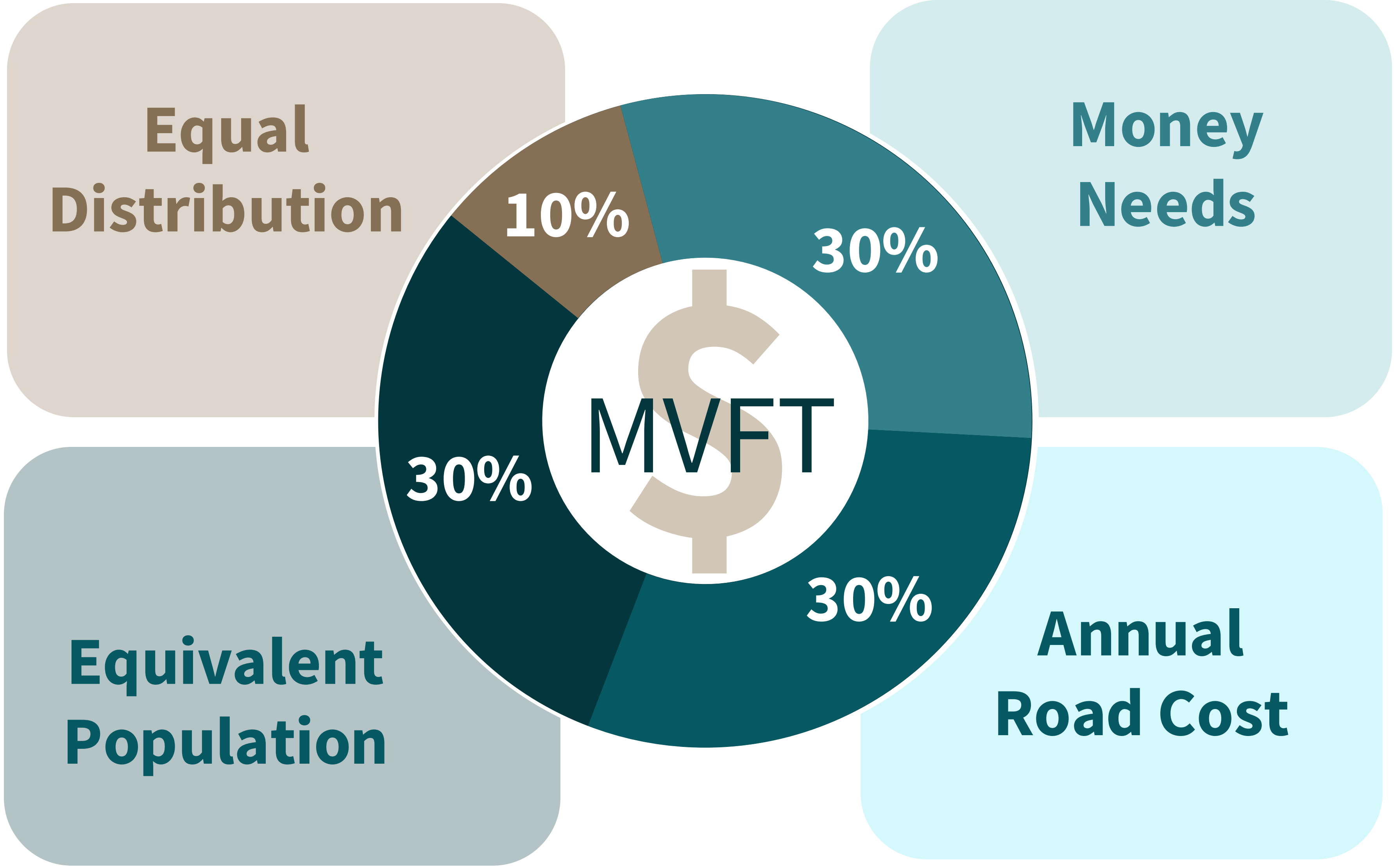
Counties receive funds for direct distribution.

- 19.2287% of the 23 cents collected
- 8.333% of 6 cents collected beginning July 1, 2006
- 2.5% of 2025 MVFT Increase
- 2.5% of Indexed MVFT Revenue

RAP receives 2.5363% of 23 cents collected

CAPP receives 1.9565% of 23 cents collected

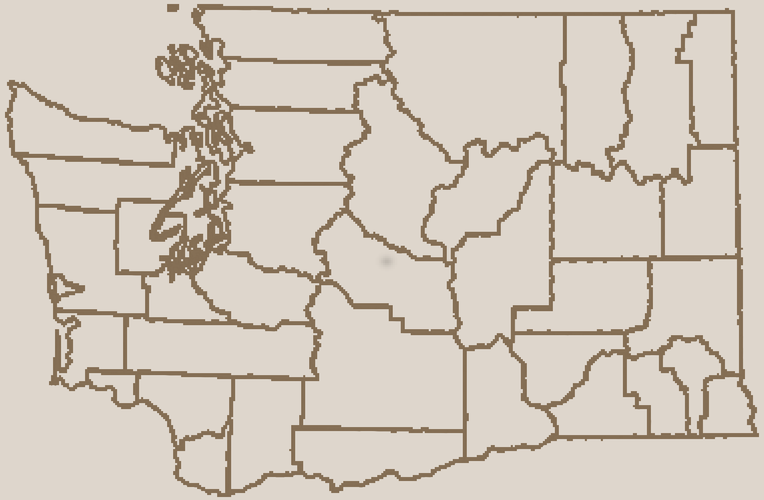
How the MVFT is Distributed to Counties: Four Factors



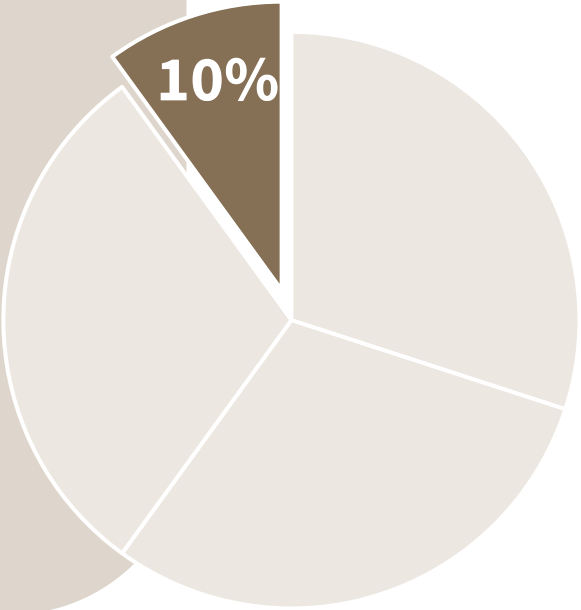
How the MVFT is Distributed to Counties: Four Factors

Equal Distribution

- Every county gets a 10% share, reflected in the *equal* portion
- It addresses needs that are independent of road use, road miles or financial ability
- It addresses the minimum fixed "cost of doing business"



10% Share ÷ 39 Counties = 0.2564%



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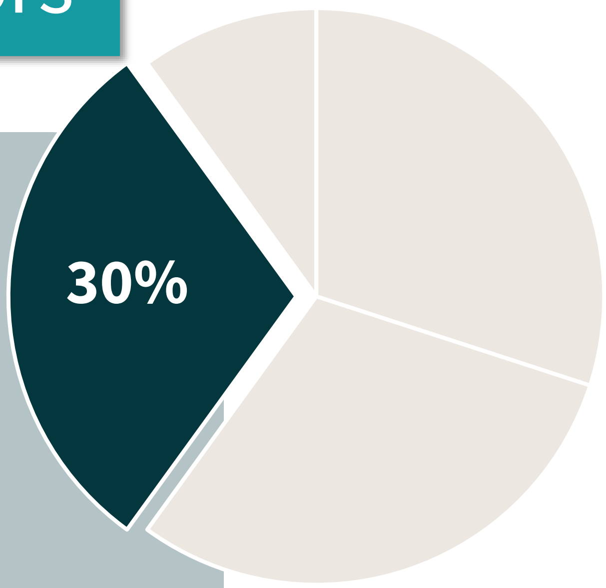
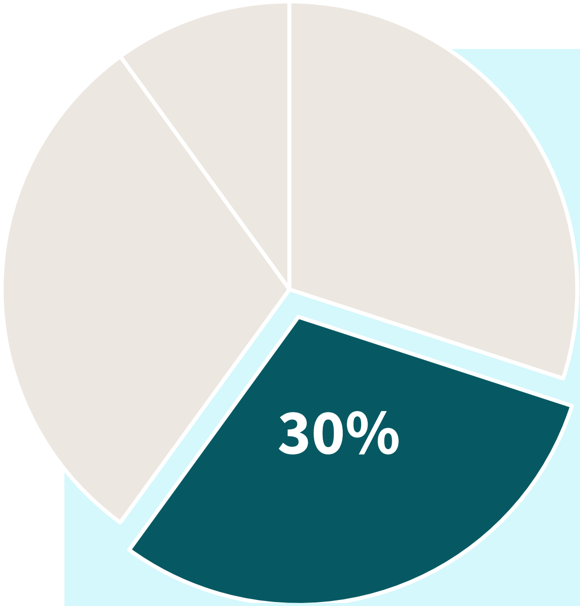


Equivalent Population

- Sum of the population residing in the county’s unincorporated area and a quarter of the population residing in the county’s incorporated areas
- It has been in use since 1982; previously the number of vehicle miles traveled was used but the data was insufficient for all county roads.

100% Unincorporated Population
+ 25% Incorporated Population

How the MVFT is Distributed to Counties: Four Factors



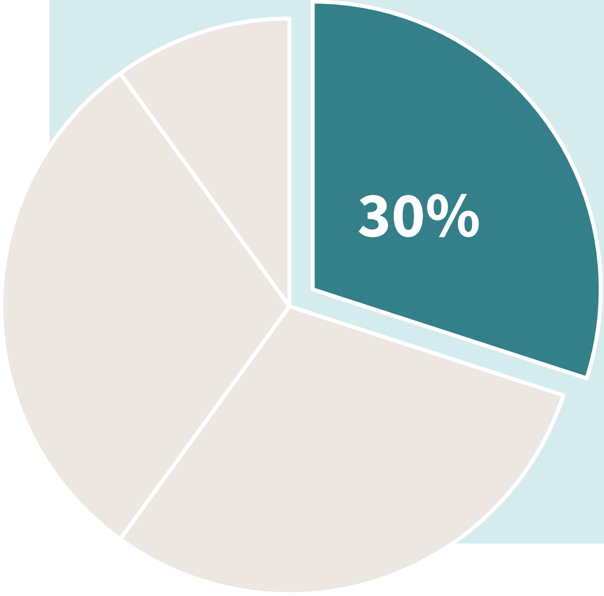
Annual Road Cost

- Each segment of road has a maintenance category (range M1-13) and a replacement category (range R1-15), and an assessed cost based on multiple road characteristics. *More road miles, more construction and maintenance costs*.

- Bridge costs are calculated based on bridge type and square footage.

1/25 Road Replacement Cost + Annual Maintenance Cost

How the MVFT is Distributed to Counties: Four Factors



Money Needs

- Road Levy: tax levied on the valuation of all taxable property within the county road districts, including any amount of such tax diverted
- Federal & State Forest Funds: funds received from the federal forest reserve fund and state timber excise taxes by the county road fund
- CAPRON (aka the "Island County Refunds"): motor vehicle license fees and special fuel taxes

Annual Road Cost - Road Cost Factor*

*** (½ Road Levy + ½ Fed & State Forest Funds + CAPRON)**

How the MVFT is Distributed to Counties

Equal Distribution

Economic & Revenue Forecast Council

10% Share
÷ 39 Counties
= 0.2564%

Money Needs

County Road Levies

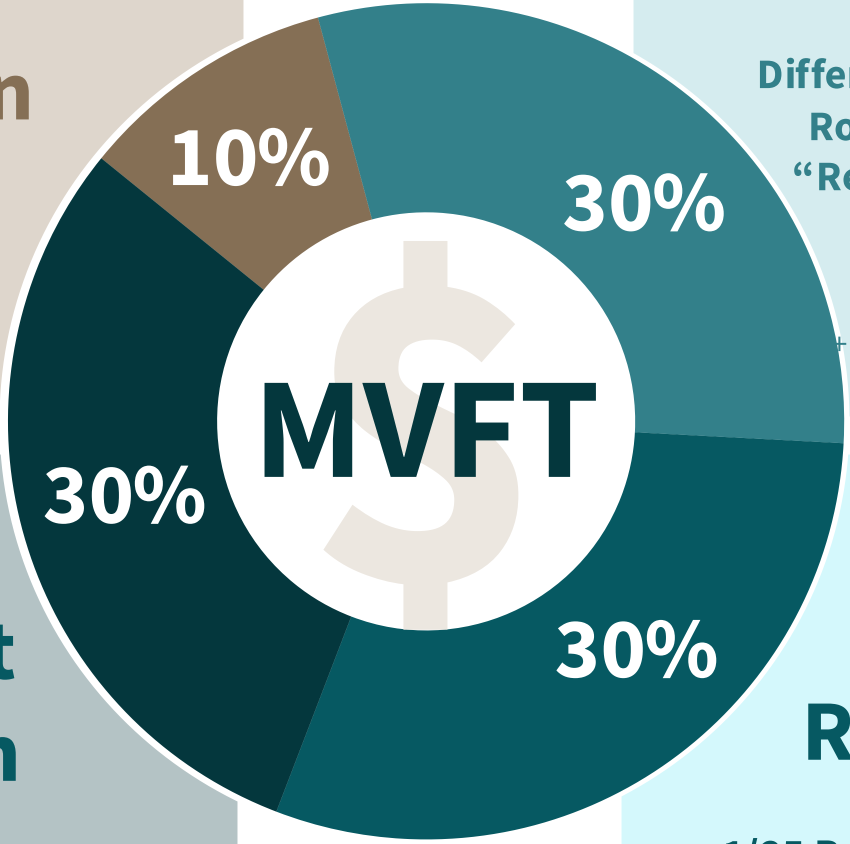
State Treasurer Fed Forest

County Timber Excise Tax

County Ferry System

Difference between Annual Road Cost and money "Resources" due to the counties

* (½ Road Levy
+ ½ Fed & State Forest Funds
+ CAPRON)



Equivalent Population

Office of Financial Management

100% Unincorp. Population
+ 25% Incorp. Population

Annual Road Cost

GIS-Mo Road Log

1/25 Road Replacement Cost
+ Annual Maintenance Cost

Allocation Factor Computations for 2026

COUNTY	EQUAL (10%)	EQ.POP (30%)	COSTS (30%)	NEEDS (30%)	2025 UNADJ.	*2024 ACTUAL	% FROM 2024 Act	MAX AT + 5%	MAX AT -5%	WITHIN +/- 5%		FACTOR WITHIN	COMBINE MAX FACTORS	ADJUST	2026 FINAL ADJUST
Adams	0.2564	**0.0923**	**1.0217**	**1.5172**	2.8876	2.9406	-1.80%			2.8876		2.8890	2.8890		**2.8890**
Asotin	0.2564	**0.1200**	**0.3107**	**0.4298**	1.1169	1.0637	5.00%	1.1168			1.1168		1.1168		**1.1168**
Benton	0.2564	**0.6099**	**0.6321**	**0.7604**	2.2587	2.2786	-0.87%			2.2587		2.2599	2.2599		**2.2599**
Chelan	0.2564	**0.3411**	**0.4652**	**0.4634**	1.5260	1.5079	1.20%			1.5260		1.5267	1.5267		**1.5267**
Clark	0.2564	**2.3397**	**1.1802**	**0.5962**	4.3724	4.3862	-0.31%			4.3724		4.3746	4.3746		**4.3746**
Columbia	0.2564	**0.0148**	**0.3105**	**0.4325**	1.0143	1.0181	-0.37%			1.0143		1.0148	1.0148		**1.0148**
Cowlitz	0.2564	**0.4902**	**0.4443**	**0.2989**	1.4899	1.4967	-0.45%			1.4899		1.4906	1.4906		**1.4906**
Lewis	0.2564	**0.4349**	**0.7973**	**0.8067**	2.2953	2.2803	0.66%			2.2953		2.2964	2.2964		**2.2964**
Lincoln	0.2564	**0.0516**	**1.0735**	**1.5930**	2.9745	3.0263	-1.71%			2.9745		2.9760	2.9760		**2.9760**
Mason	0.2564	**0.4388**	**0.4717**	**0.4163**	1.5832	1.5658	1.11%			1.5832		1.5840	1.5840		**1.5840**
Pierce	0.2564	**4.2275**	**2.1261**	**1.1920**	7.8020	7.7587	0.56%			7.8020		7.8058	7.8058		**7.8058**
San Juan	0.2564	**0.1206**	**0.1683**	**0.0530**	0.5983	0.5982	0.01%			0.5983		0.5986	0.5986		**0.5986**
Skagit	0.2564	**0.5389**	**0.7299**	**0.6397**	2.1649	2.2090	-2.00%			2.1649		2.1659	2.1659		**2.1659**
Skamania	0.2564	**0.0747**	**0.1699**	**0.2032**	0.7042	0.6247	12.73%	0.6559			0.6559		0.6559		**0.6559**
Snohomish	0.2564	**3.6779**	**1.7091**	**0.8224**	6.4658	6.3146	2.39%			6.4658		6.4690	6.4690		**6.4690**
Spokane	0.2564	**1.9559**	**1.8330**	**1.9291**	5.9745	5.9994	-0.41%			5.9745		5.9775	5.9775		**5.9775**
Stevens	0.2564	**0.2943**	**0.8817**	**1.1776**	2.6100	2.6259	-0.61%			2.6100		2.6113	2.6113		**2.6113**
Thurston	0.2564	**1.3695**	**0.9933**	**0.8972**	3.5164	3.5457	-0.83%			3.5164		3.5181	3.5181		**3.5181**
Wahkiakum	0.2564	**0.0301**	**0.1365**	**0.1898**	0.6128	0.6207	-1.28%			0.6128		0.6131	0.6131		**0.6131**
Walla Walla	0.2564	**0.2117**	**0.7043**	**0.9069**	2.0793	2.0198	2.94%			2.0793		2.0803	2.0803		**2.0803**
Whatcom	0.2564	**0.9598**	**0.9210**	**0.8024**	2.9395	2.8601	2.78%			2.9395		2.9410	2.9410		**2.9410**
Whitman	0.2564	**0.1231**	**1.0370**	**1.4915**	2.9080	2.9563	-1.63%			2.9080		2.9094	2.9094		**2.9094**
Yakima	0.2564	**0.9773**	**1.2735**	**1.5485**	4.0557	4.1165	-1.48%			4.0557		4.0577	4.0577		**4.0577**
		Levy&Pop	M&Rcosts	**Needs**									#s go to "Report"		
	10.0000	30.0000	30.0000	30.0000	100.0000	100.0000	10.53%	1.7727	0.0000	98.1789	1.7727	98.2273	100.0001	-0.0001	100.0000

What could impact YOUR portion of MVFT?

- The MVFT distributions are calculated and submitted to our board for approval every July and then published
- Any one of the four calculation factors could impact a county's portion.
- What counties CAN do is ensure they provide accurate data in their Road Log!

…ATED 2026 REVENUES
MOTOR VEHICLE FUEL TAX

June Revenue Forecast
County Road Log Certified January 1, 2025

Calendar Year
$137,913,414

County	2026 Calendar Year Allocation Percent	Revenue
Adams	2.8890	$3,984,319
Asotin	1.1168	$1,540,217
Benton	2.2599	$3,116,705
Chelan	1.5267	$2,105,524
Clallam	1.4260	$1,966,645
Clark	4.3746	$6,033,160
Columbia	1.0148	$1,399,545
Cowlitz	1.4906	$2,055,737
Douglas	2.5803	$3,558,580
Ferry	1.2277	$1,693,163
Franklin	1.9682	$2,714,412
Garfield	0.9067	$1,250,461
Grant	4.5222	$6,236,720
Grays Harbor	1.6425	$2,265,228
Island	1.5531	$2,141,933
Jefferson	1.0084	$1,390,719
King	8.0119	$11,049,485
Kitsap	3.4978	$4,823,935
Kittitas	1.3319	$1,836,869
Klickitat	1.8840	$2,598,289
Lewis	2.2964	$3,167,044
Lincoln	2.9760	$4,104,303
Mason	1.5840	$2,184,548
Okanogan	2.3533	$3,245,516
Pacific	0.9761	$1,346,173
Pend Oreille	1.1775	$1,623,930
Pierce	7.8058	$10,765,245
San Juan	0.5986	$825,550
Skagit	2.1659	$2,987,067
Skamania	0.6559	$904,574
Snohomish	6.4690	$8,921,619
Spokane	5.9775	$8,243,774
Stevens	2.6113	$3,601,333
Thurston	3.5181	$4,851,932
Wahkiakum	0.6131	$845,547
Walla Walla	2.0803	$2,869,013
Whatcom	2.9410	$4,056,034
Whitman	2.9094	$4,012,453
Yakima	4.0577	$5,596,113
TOTAL	100.0000	$137,913,414

What's next for the MVFT?

What is the current state of transportation funding

Public Works Fleet
Adams County, 1938

Forecast Changes by Revenue Source for the 25-27 Biennium

The forecast decrease represents 0.8% of state biennial revenue

Revenue Summary ($Million)	Sept. 2025 Forecast	Nov. 2025 Forecast	Total Change#
State Revenues			
MV Fuel Tax	$3,597	$3,550	($47)
Licenses, Permits, Fees	$2,231	$2,214	($17)
Ferry Revenues	$453	$456	$3
Toll Revenues	$562	$580	$18
Other	$2,067	$2,043	($24)
Total (State)	**$8,909**	**$8,842**	**($67)**
Federal	**$2,436**	**$2,516**	**$80**
Total TERFC Revenues*	**$11,345**	**$11,358**	**$13**

All values in millions, # Detail may not add to total due to rounding
*-Excludes reserves, treasury earnings, bond proceeds, and selected other revenues

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Forecast Changes by Revenue Source for the 27-29 Biennium

The forecast decrease represents 0.2% of state biennial revenue

Revenue Summary ($Million)	Sept. 2025 Forecast	Nov. 2025 Forecast	Total Change#
State Revenues			
MV Fuel Tax	$3,729	$3,682	($48)
Licenses, Permits, Fees	$2,428	$2,407	($21)
Ferry Revenues	$476	$480	$4
Toll Revenues	$602	$650	$47
Other	$3,618	$3,616	($3)
Total (State)	**$10,853**	**$10,833**	**($20)**
Federal	**$2,480**	**$2,547**	**$67**
Total TERFC Revenues*	**$13,333**	**$13,380**	**$47**

All values in millions, # Detail may not add to total due to rounding
*-Excludes reserves, treasury earnings, bond proceeds, and selected other revenues

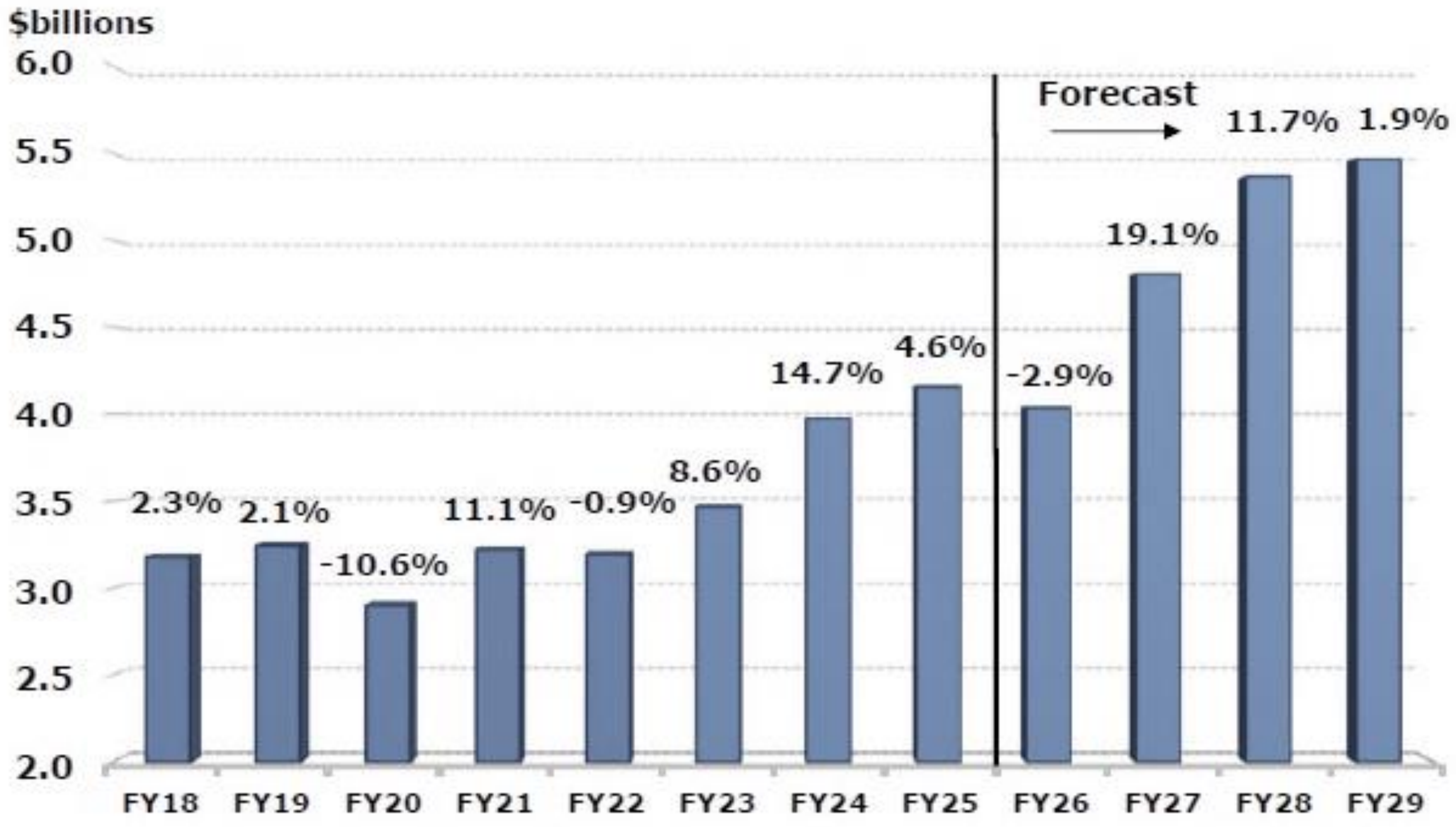
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

WSTRR
November, 2025

Transpo Revenue Expected to Grow for the **25-29** Period

FY24 increase driven by the addition of CERA and transfers unreported in prior years.

Average annual growth of revenues for 2025-2029 is 7.1%.



Source: TERFC forecast, November 2025

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

WSTRR
November, 2025

MVFT Tax – Where are we at?

HIGHEST Year of Collections: 2018

Counties Received $168,100,383

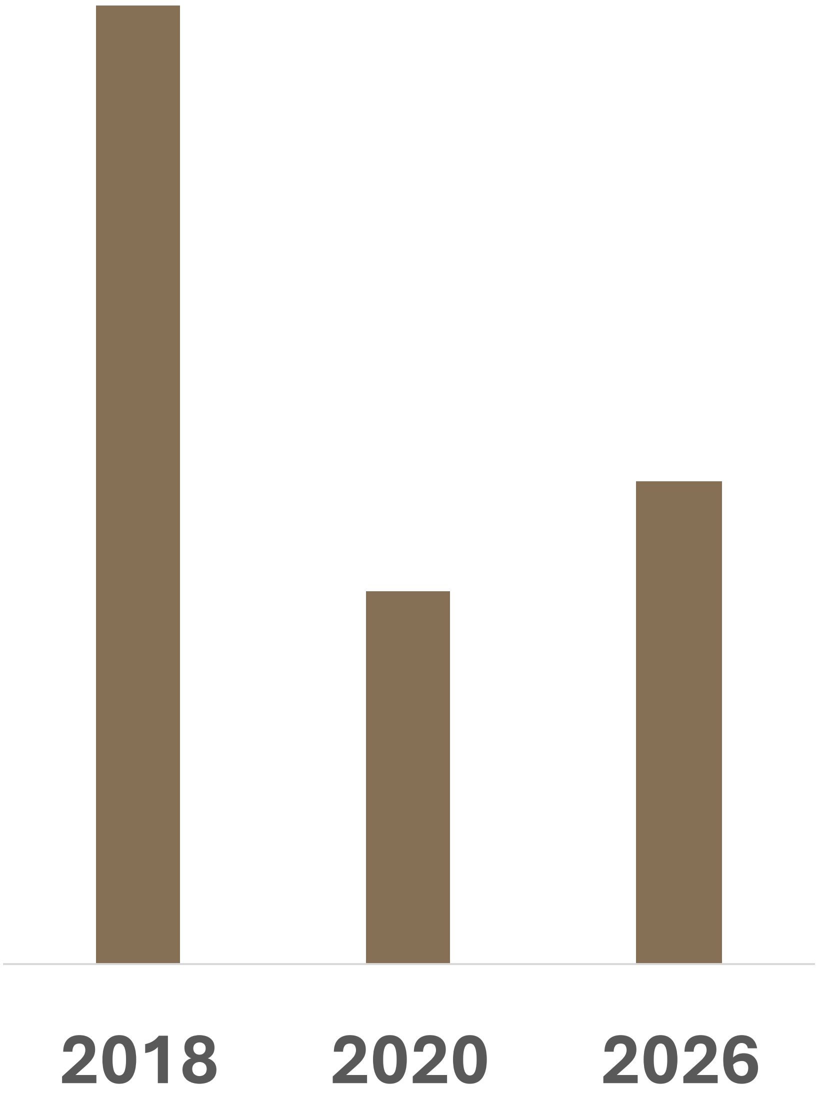
LOWEST Year of Collections: 2020

Counties Received $144,824,208

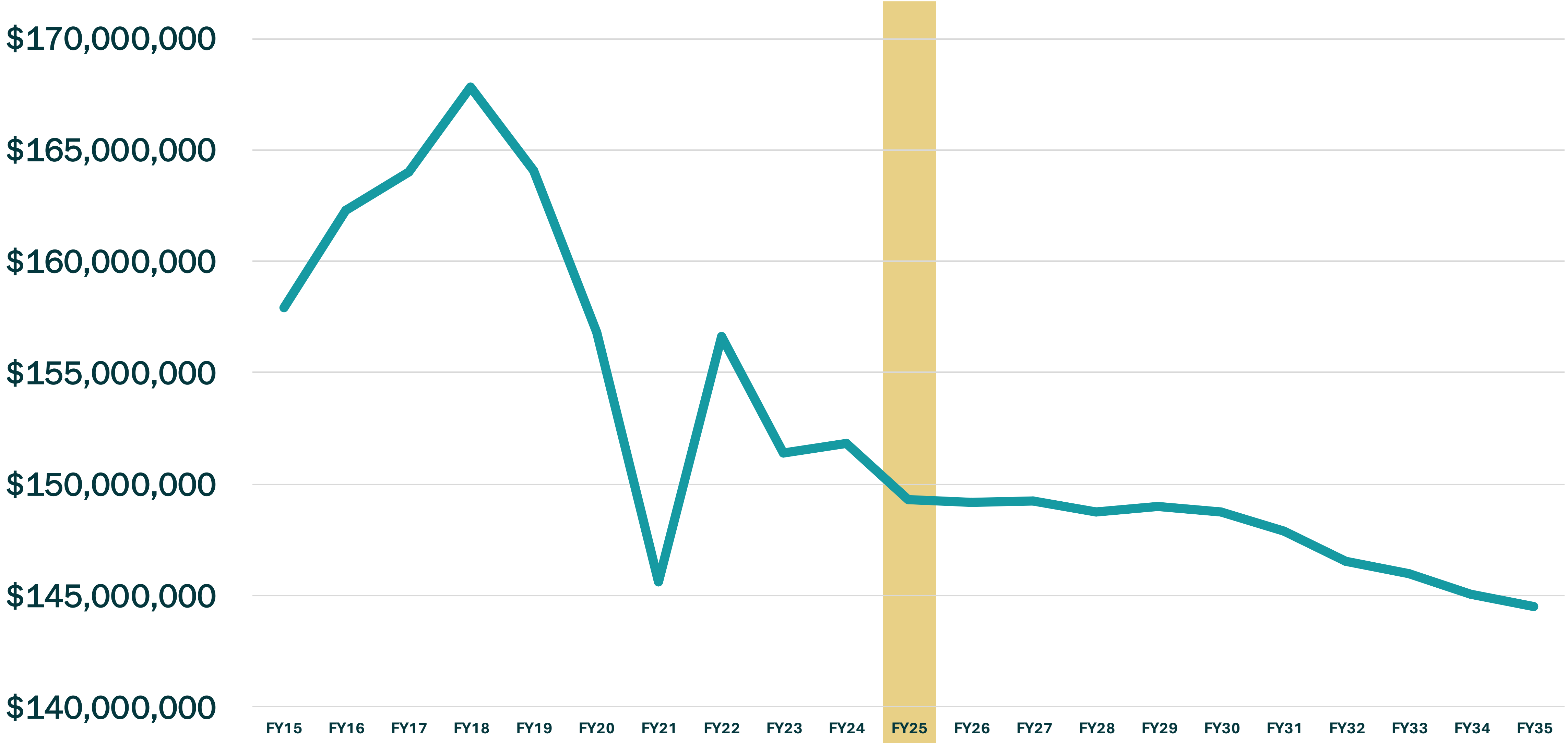
ESTIMATES FOR FY 2026

Counties Estimated to Receive $149,162,500

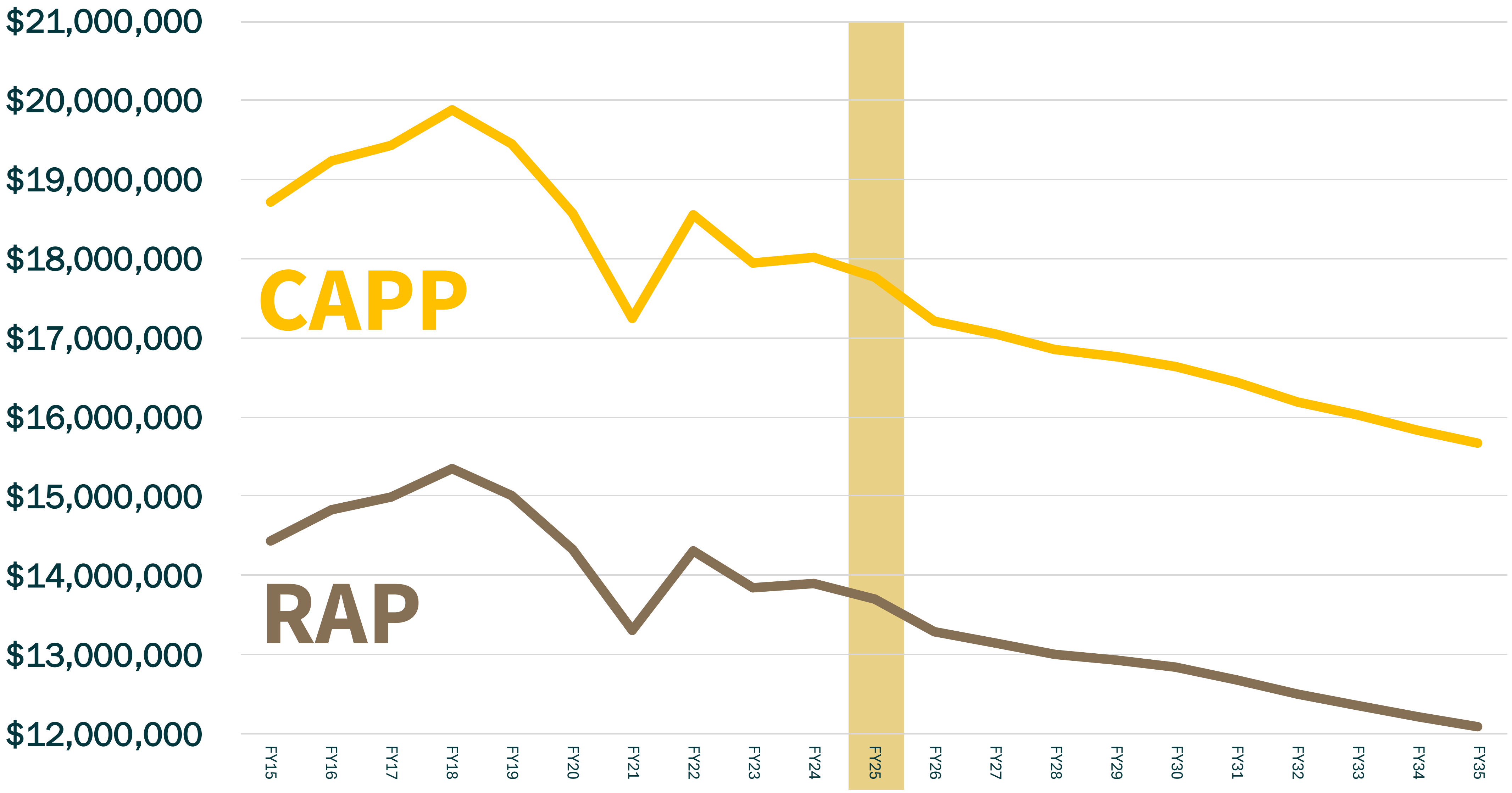
New 15¢ MVFT is $4,042,700



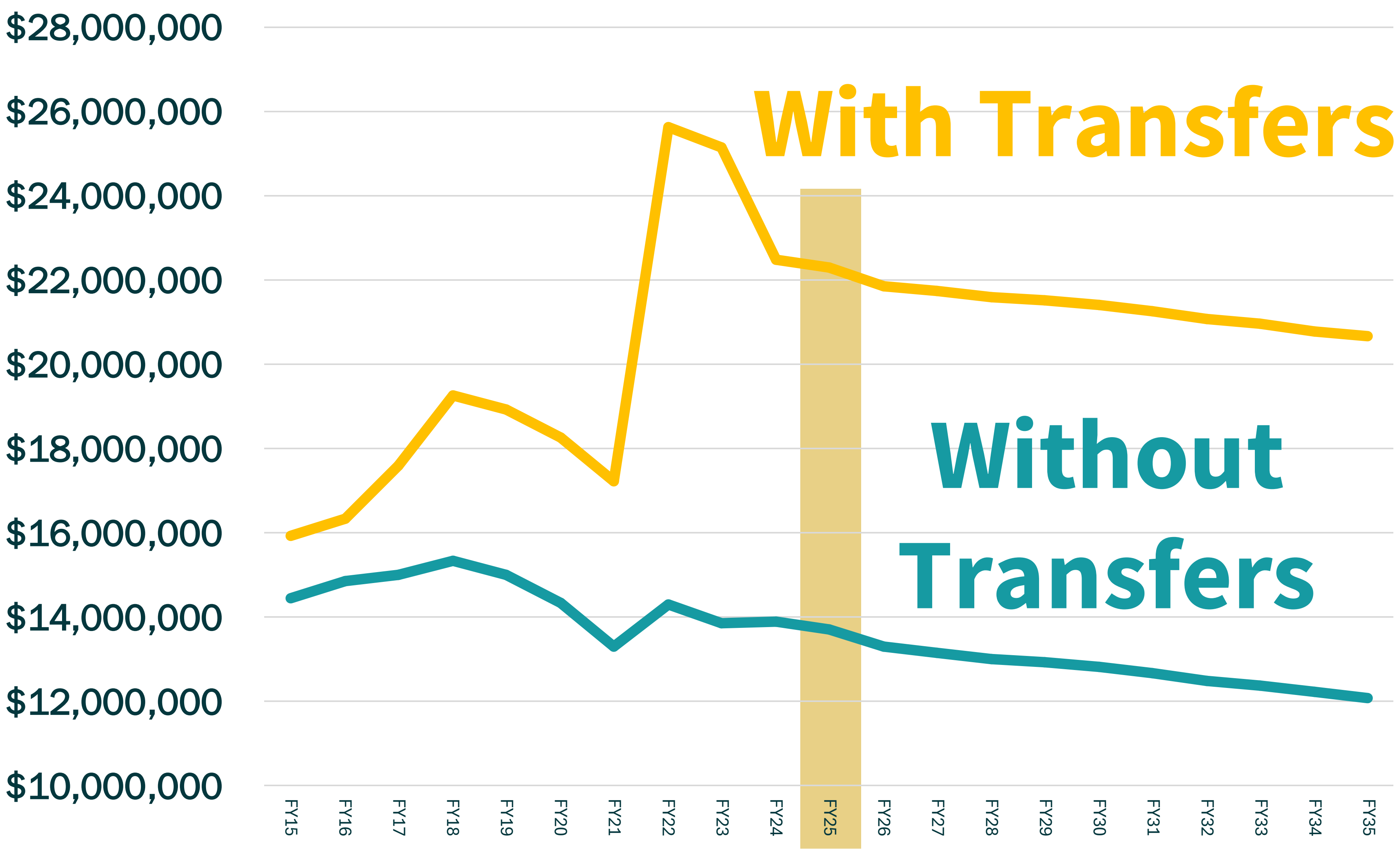
MVFT to Counties – Actual and Forecast



MVFT to Counties – CRAB Grant Programs



MVFT to Counties – CAPP With and Without Transfers



Budget Decision
(Every 2 Years)

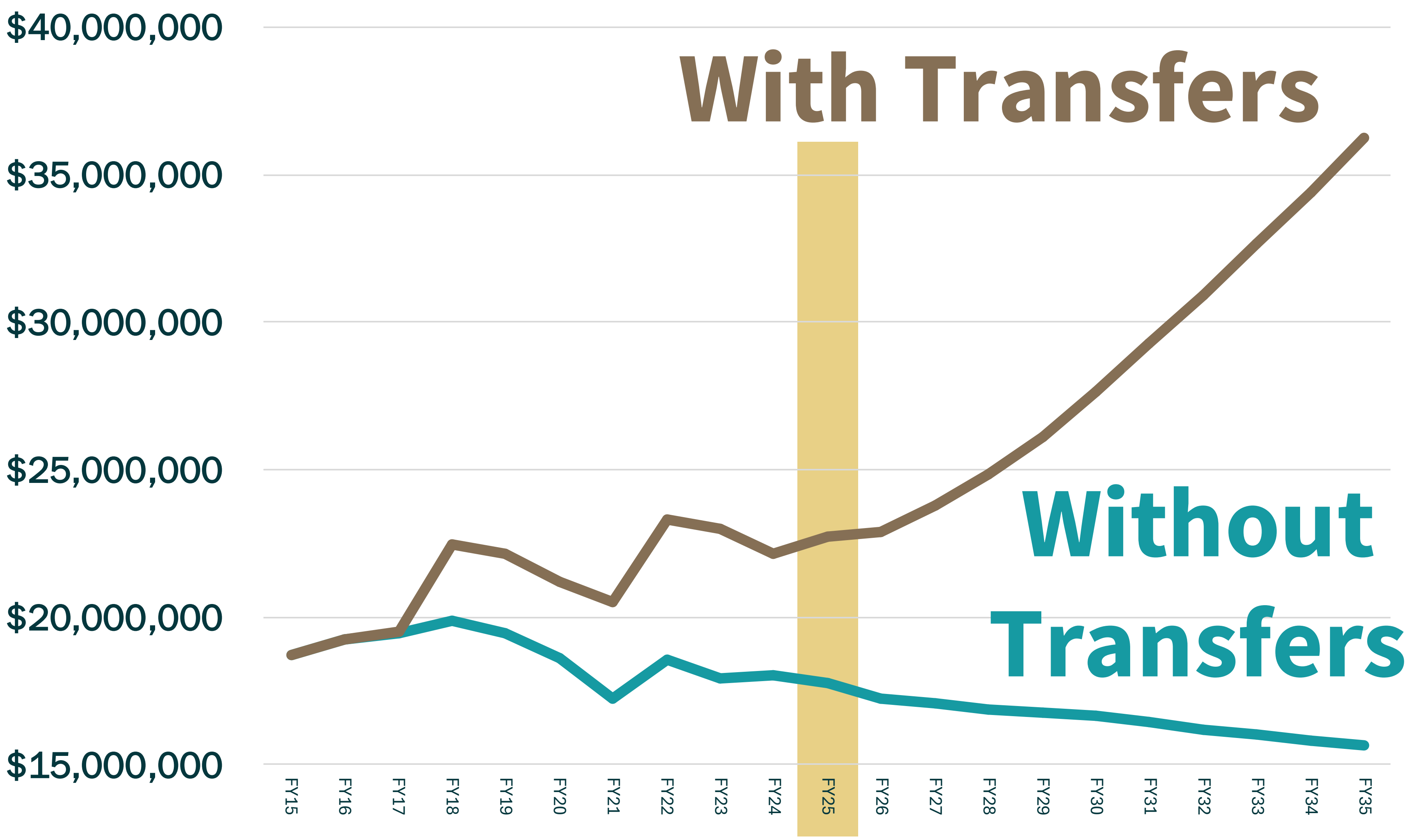
$2.422M from Motor Vehicle Account

$4.666M from Move Ahead Washington

Transportation Partnership Account Transfers
(RCW 46.68.295)

$1.5M every July 1st

MVFT to Counties – **RAP** With and Without Transfers



Budget Decision
(Every 2 Years)

$2.422M from Motor Vehicle Account

Electric Vehicle Renewal Fee
(RCW 46.17.323)

15% Over $1M in Collections

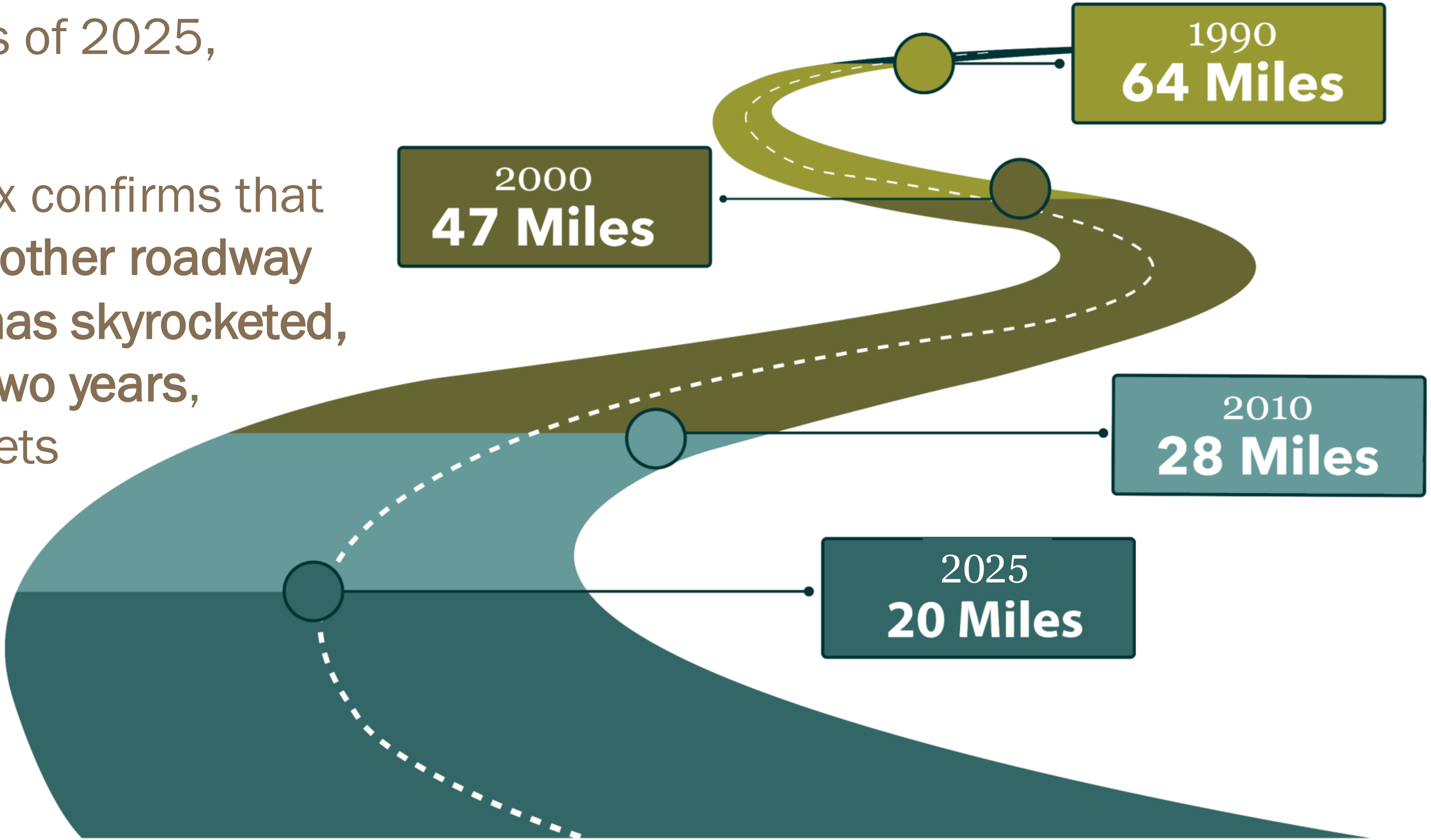
What's next for the MVFT?

What the future looks like for transportation funding

Road Crew with Wagon
King County, 1926

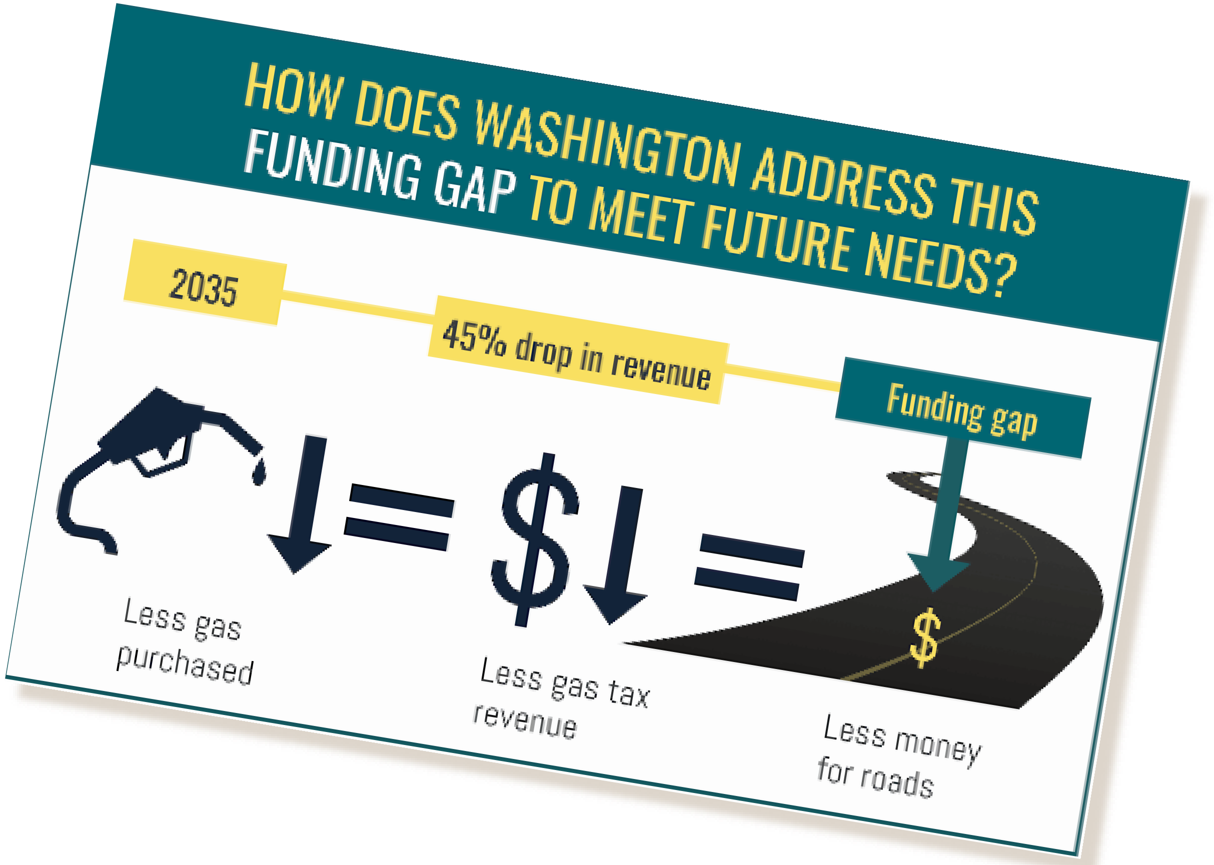
MVFT Funds Don’t Stretch as Far as They Used To

- In 1990, counties could resurface (Seal Coat/Chip Seal) about 64 miles of road for $1 million; as of 2025, it's down to 20.
- The Producer Price Index confirms that **the costs for gravel and other roadway construction materials has skyrocketed, particularly in the past two years,** spreading existing budgets even more thinly.



What is the future for MVFT?

- As vehicles become more fuel-efficient, gas consumption decreases along with gas tax revenues.
- Not all Washington drivers pay equally to use our roads. Drivers with more fuel-efficient or electric vehicles pay less in gas taxes than others to use Washington's roadways.
- Long term, a pay-per-mile **Road Usage Charge** (RUC) system could provide a more stable source of transportation funding and increase tax equity among drivers.



What could the future hold?

A Highway User Fee – just don’t call it a RUC!

Adopted User Fee

- The Oregon Model
- The Virginia Model

Washington Model

- HB 1921

What Does the **Oregon** Model Look Like?

Flat Fee ($340) or Per Mile (5% of MVFT, currently 2.5 cents)

Phased Implementation

- July 2026 – Existing EVs
- Jan 2027 – All EVs
- July 2027 – Hybrid and Plug-in Hybrid
- July 2028 – Electric Delivery Vehicles

What Does the Virginia Model Look Like?

Mandatory Annual Fee or Pay by Mile

Fee is Paid in Addition to MVFT
85% of Tax Difference Between 23.7mpg and Your Vehicle, Using Statewide Average of 11,600 Miles

EV's Pay a Flat Fee of $131.88

MPG	1 YEAR	2 YEARS	3 YEARS
25	$6.86	$13.72	$20.58
26	$11.67	$23.34	$35.00
27	$16.12	$32.24	$48.36
28	$20.25	$40.51	$60.77

What Does the Washington Model Look Like?

HB1921 introduced in 2025 Legislature

2.6 Cents per Mile

Credit for Estimated MVFT Paid Based on Vehicle MPG

Included a 10% Surcharge for Multimodal

Eliminates Separate Fees for Electric ($225) and Hybrid ($75) Vehicles

What Does the **Washington** Model Look Like?

$$(\text{Miles Driven } \times \text{Road Useage Charge}) - \left(\left(\frac{\text{Miles Driven}}{\text{Vehicle MPG}}\right) \times \text{MVFT per Gallon}\right)$$

$$(12{,}000 \text{ Miles } \times 2.6 \text{ cents per mile}) - \left(\left(\frac{12{,}000 \text{ Miles}}{38 \text{ MPG}}\right) \times 55.4 \text{ cents per Gallon}\right)$$

\$312.00 - \$175.95 = \$136.05

Highway User Fee – What to Expect

New proposal from House Committee

Based on Annual Fee or Pay by Mile

Phased Approach Starting with EVs

Intent that Fee is Protected by
the 18th Amendment
Will be adjudicated no matter what.

Use MVFT Method for Distribution

18th Amendment

"All fees collected by the State of Washington as license fees for motor vehicles and all excise taxes collected by the State of Washington on the sale, distribution or use of motor vehicle fuel and all other state revenue intended to be used for highway purposes, shall be paid into the state treasury and placed in a special fund to be used exclusively for highway purposes."

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Highway User Fee – HB1921 Analysis

Revenue Analysis for EV & Hybrid RUC
Based on Average of 12,000 Miles/Year
Road Usage Charge of 2.6 Cents/Mile
November 2024 Revenue Forecast

Counties Revenue - RUC Replaces EV Renewal Fee

FY	Impact to RATA	CAPA - RUC	Direct Distribution to Counties - RUC	Total Increase
28	$ (812,111)	$ 465,936	$ 5,096,962	$ 4,750,787
29	$ (2,158,355)	$ 1,077,024	$ 11,781,768	$ 10,700,436
30	$ (5,496,057)	$ 2,472,908	$ 27,051,614	$ 24,028,465
31	$ (6,785,354)	$ 2,819,962	$ 30,848,105	$ 26,882,713
32	$ (8,137,779)	$ 3,183,427	$ 34,824,110	$ 29,869,758
33	$ (9,513,235)	$ 3,553,115	$ 38,868,202	$ 32,908,082
34	$ (10,910,350)	$ 3,928,698	$ 42,976,775	$ 35,995,123
35	$ (12,349,286)	$ 4,292,694	$ 46,958,594	$ 38,902,001
Totals	**$ (56,162,527)**	**$ 21,793,764**	**$ 238,406,129**	**$ 204,037,365**

WASHINGTON STATE
COUNTY ROAD
ADMINISTRATION BOARD

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