The Model Toxics Control Act (MTCA) Funding Accounts

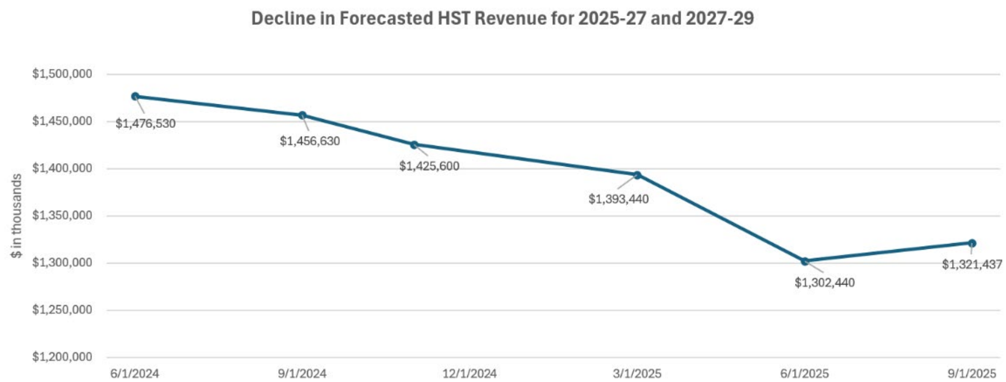
Mounting challenges for Washington's environmental engine

Sustaining environmental protection and cleanup

Approved by Washington voters in 1988, the Model Toxics Control Act (MTCA) guides and funds Washington State's work to clean up polluted sites, protect clean water, prepare and respond to oil spills, and address threats from toxic chemicals.

The MTCA Operating Account provides nearly half of the state funding for Ecology's operating budget and also supports work at 11 other state agencies. The MTCA Capital and Stormwater accounts provide critical pass-through funding to local governments to support their work to protect communities from pollution and contamination.

The three MTCA accounts are funded through revenues from the Hazardous Substance Tax (HST), which is levied on more than 8,000 hazardous substances, including petroleum products and certain chemicals and pesticides.



Revenue shortfall

MTCA is facing a significant shortfall. Forecasted revenue from the HST has dropped almost $100 million since the Legislature passed the 2025-27 budgets. The state projects having fewer dollars to spend than what was actually appropriated. Based on the September revenue forecast, Ecology projects a $20 million deficit for the 2025-27 biennium. The projected deficit grows deeper in mid-2027. Significant diversions from the MTCA accounts are compounding the decrease in revenues. These include:

- $200 million deposited into the state's Motor Vehicle Fund since 2019.
- $370+ million transferred from MTCA to General Fund-State since 2009, including $70 million for the 2025-27 biennium.

Unless revenues increase or the Legislature addresses the shortfall, Ecology must reduce MTCA spending to avoid negative fund balances this biennium.

Projected Ending Fund Balances	2025-27	2027-29
MTCA Operating Account	-$20,520,000	-$33,624,000
MTCA Capital Account [1]	$0	$7,465,000
MTCA Stormwater Account [1]	$0	$27,543,000

[1] 2025-27: Ecology will need to intentionally underspend their current appropriations by the following amounts so the MTCA accounts balances remain positive: 190.2 million from MTCA Capital and $52 million from MTCA Stormwater

Impacts of the MTCA shortfall

MTCA Operating: reduced funding and spending

Consistent with the Governor's priority of efficient and effective government, we closely reviewed our program operating budgets to look for ways to save money while maintaining Ecology's core environmental programs and customer service. However, to mitigate the declining revenue, we have eliminated vacant MTCA-funded positions, reduced grant funding to communities, and paused implementation of newer areas of work. In practice, this means:

- Cuts to pass-through funding that support local communities' efforts to improve air quality, respond to oil spills, improve water quality, safely manage hazardous waste, and clean up contaminated sites.
- Holding vacancies, limiting our ability to provide outreach, education, and technical assistance on new laws such as lead in cookware and organics management.
- Reduced funding for staff training, travel, and equipment, including spill response vehicles.

If the budget shortfall continues or worsens, Ecology will need to make further reductions that may include:

- Fewer staff and less funding to address emerging contaminants like PFAS and 6PPD.
- Less monitoring and sampling of streams to help determine whether water quality standards are met.
- Less capacity to work with landowners and local partners across the state to reduce nonpoint water quality pollution from agricultural, forestry, and residential sources.
- Fewer staff to identify leaking underground storage tanks and help tank owners prevent leaks.

MTCA Capital and Stormwater: little capacity for new work next biennium

There is little-to-no capacity for new investments from MTCA Capital and Stormwater Accounts beginning in 2027-29, unless significant underspending is assumed to allow for an over-appropriation of the accounts. Without an increase in revenue or legislative action, toxic cleanup sites, pollution prevention programs, and water quality improvement projects may be stranded next biennium. Examples of potential impacts include:

- Reduced homeowner assistance for failing septic systems. Low-income homeowners could lose access to funding to repair failing septic systems through the Onsite Sewage System Regional Loan Program. The average repair costs are $30,000. Few other loan sources are available.
- Delaying or stopping cleanup of publicly owned contaminated sites. Nearly 25% of Washington's 14,061 cleanup sites are publicly owned, with local, state and federal governments bearing the task of cleanup. These sites rely on state funding to remove contamination and protect the local community.
- Fewer stormwater infrastructure projects. Cities, counties and ports could lose access to grant funding for stormwater facilities and other projects that reduce pollution from stormwater.
- Less support to local governments to safely managing hazardous waste. 40 percent of local governments that work with Ecology through the Pollution Prevention Assistance program could lose funding in 2027-29.

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