



10/8/2025

Letter No. 248
BY-CRE-03709

Evelyn Pao, P.E., Project Director
Washington State Department of Transportation
18911 N Creek Pkwy S, Suite 150
Bothell, WA 98011

Project: I-405, Brickyard to SR 527 Improvement Project
Contract No: 009727

Subject: 2025 Changes to Business & Occupation Tax Law

Reference: Engrossed Substitute House Bill 2081: Business and Occupation Tax –
Various Provisions

Dear Ms. Pao:

Skanska is writing to notify WSDOT of recent legislative changes enacted under Washington State House Bill 2081 (HB-2081), which has introduced significant modifications to Washington's Business & Occupation (B&O) tax structure. Under legislated changes to RCW Chapter 82.04, these B&O tax modifications directly impact Skanska. Per Section 201 of HB-2081, effective January 1, 2026, the bill imposes a 0.5% surcharge on Washington taxable income exceeding \$250 million annually, in addition to existing B&O tax obligations. Furthermore, per Section 107 of HB-2081, effective January 1, 2027, the B&O tax rate applicable to Skanska under the category of *public road construction or highway and government contractor* will increase from 0.484% to 0.5%.

Skanska anticipates a material increase in its tax liability directly attributable to the performance of work under our contract with WSDOT for the project. In accordance with section 1-07.1(5).2, Skanska is entitled to an equitable adjustment to the contract price in the event of changes in legal requirements, including tax laws, which occur after the contract proposal's opening date that materially affect the cost of performance. Additionally, Section 1-07.1(5).2 outlines the treatment of state taxes and confirms that WSDOT will adjust compensation for tax changes that increase Skanska's tax burden by more than \$500, provided the change occurs after the proposal opening date.

Given that the B&O tax increase under HB-2081 meets the criteria for WSDOT to adjust payment, Skanska will be conducting a detailed assessment of the financial impact of this tax change. Upon completion of this assessment, Skanska will submit a formal Change Order Request in accordance with General Provisions Section 1-04.4 of the contract.



We appreciate WSDOT's continued partnership and look forward to working collaboratively through this matter. Should you have any questions or require additional information regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Prendergast", written over a horizontal line.

Patrick Prendergast, Vice President

Skanska USA Civil
18911 N Creek Pkwy S, Suite 300
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