

October 20, 2025

Patrick Prendergast, P.E.
Vice President
Skanska USA Civil
18911 North Creek Parkway, Suite 300
Bothell, WA 98011

WSDOT SL No. 9727-181

Reference: **Contract No. 9727**
I-405, Brickyard to SR 527 Improvement Project

Subject: **Re: Skanska Serial Letter No. 248 – 2025 Changes to Business & Occupation Tax – Various Provisions**

Mr. Prendergast:

WSDOT is in receipt of Skanska serial letter No. 248 (Skanska SL-248), regarding Washington State House Bill 2081, which will become effective on January 1, 2026, and the request for additional compensation in accordance with General Provisions Section 1-07.1(5).2 – Taxes.

RFP Section **1-07.1(5).2 Taxes**, stated below, explicitly establishes three conditions under which WSDOT will adjust payment to compensate for tax changes.

“Under certain conditions, WSDOT will adjust payment to compensate for tax changes. First, the changes shall involve Federal or State taxes on materials or fuel used in or consumed for the Project. Second, the changes shall increase or decrease the Design-Builder-paid taxes by more than \$500. Third, the tax change must occur after the Proposal opening date. Within these conditions, WSDOT will adjust compensation by the actual dollar amounts of increase or decrease caused by the tax changes. If WSDOT requests it, the Design-Builder shall certify in writing that the Contract Price does not include any extra amount to cover a possible change in taxes.”

The recently enacted B&O tax changes under HB-2081 increase taxes on business revenue but do not apply directly to materials or fuel used in or consumed for the Project. It does not meet the first of the three conditions required for compensation. Because this tax change does not meet all three conditions required for compensation, Skanska’s request for an equitable adjustment is denied.

Pat Prendergast
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If you have any questions, please contact me at (425) 495-1577.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Holmquist". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dan Holmquist
Deputy Project Director
DH:js

cc: L. Hodgson, R. Woeck, D. Case, A. Ahmadi, D. Holmquist, S. Berriz, J. Slavicek, B. Kane,
N. Bergeman, R. Gehrlein, E-File