

# SENATE BILL REPORT

## ESB 5232

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As Passed Senate, March 29, 2021

**Title:** An act relating to limiting bonding toll revenues on certain state highway facilities.

**Brief Description:** Limiting bonding toll revenues on certain state highway facilities.

**Sponsors:** Senator King.

**Brief History:**

**Committee Activity:** Transportation: 1/26/21, 2/22/21 [DP, DNP, w/oRec].

**Floor Activity:** Passed Senate: 3/29/21, 48-1.

**Brief Summary of Engrossed Bill**

- Prohibits tolling revenue bonds from being sold for the Interstate 405/State Route 167 Express Toll Lanes and the Puget Sound Gateway facilities until January 1, 2023 and until the facilities' revenue outlooks meet certain benchmarks.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Hobbs, Chair; King, Ranking Member; Cleveland, Fortunato, Hawkins, Padden, Randall, Sheldon and Wilson, J.

**Minority Report:** Do not pass.

Signed by Senators Das and Nobles.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Saldaña, Vice Chair; Lovelett, Nguyen and Wilson, C.

**Staff:** Erica Bramlet (786-7321)

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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.*

**Background:** Toll Facilities. The Legislature must authorize a facility as toll-eligible before it may be tolled. The Transportation Commission is the state's tolling authority with responsibility for setting toll rates. The Department of Transportation is the operator of the authorized toll facilities, which include the following:

Facility	Tolling Initiation	Format
Tacoma Narrows Bridge	2007	bridge - all lanes tolled (eastbound only)
SR 520 Bridge	2011	bridge - all lanes tolled
I-405/SR 167 Express Toll Lanes	2015/2008	roadway - 1-2 lanes tolled
Puget Sound Gateway	2026 (assumed)	roadway - all lanes tolled
SR 99 Tunnel	2019	tunnel - all lanes tolled

Project Financing. In the past 20 years, Washington State has used a range of methods to finance larger transportation projects. The State Route (SR) 520 Bridge is the only facility for which toll-backed bonds have been issued in this time period. The bridge was partially paid for with these toll-backed bonds, in addition to state funds, federal funds, federal loans or grants, and local funds. The Tacoma Narrows Bridge and SR 99 Tunnel have used tolls to cover project costs, but instead of toll-backed bonds, used a repayment structure where tolls reimburse another state funding source used to issue bonds.

In 2019, ESSB 5825 passed, which authorized both tolling on the I-405/SR 167 Express Toll Lane (ETL) and Puget Sound Gateway facilities, and the issuance of up to \$1.5 billion in bonds to fund various project priorities.

**Summary of Engrossed Bill:** For the I-405 and SR 167 express toll lanes facility, bonds supported by toll revenues from the facility are prohibited from being issued until:

- after January 1, 2023; and
- toll revenue levels have returned to \$8.5 million in a single quarter or the Treasurer determines revenues are sufficient to meet the financial obligations of the account.

For the Puget Sound Gateway facility, bonds supported by toll revenues from the facility are prohibited from being issued until:

- after January 1, 2023; and
- the Treasurer determines revenues are sufficient to meet the financial obligations of the account.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: Bonding over 25 years is risky when events like the current pandemic can greatly impact traffic levels and toll revenue. If toll-backed bonds had been sold before the pandemic, there would not be enough money to pay them back right now. The projects should still be completed, but with other revenue sources. Tolling a congestion management facility and then bonding that revenue can result in incentivizing permanent congestion.

CON: The I-405 and SR 167 projects and studies should be kept on track so that bus rapid transit time savings can be maintained, and local planning around these projects will not go to waste. Removing the ability to bond the tolls would hinder progress toward the I-405 Master Plan, which a large coalition supports. The toll revenues are already recovering from the pandemic, and are expected to go up quickly with more rapid job growth expected. The corridor needs multiple travel options and congestion reduction.

Keeping the current Gateway funding and timeline is crucial to economic recovery, freight mobility, and port competitiveness. Taking away the facility's ability to bond could jeopardize local contributions and may kill the project since the schedule requires the toll dollars to complete the project, and you can not collect tolls unless the road is built. The pandemic is not a good reason to undo all the hard work that has gone into the project for the last 30 years.

OTHER: The Gateway project should be considered separately since all of the lanes are tolled, which creates resiliency since drivers can't simply use the next lane over to avoid a toll. This is an essential freight facility that will provide important access to the Port of Seattle and Port of Tacoma, create 80,000 new jobs, improve safety, and help with economic recovery. There are many types of funds invested into this project already, and any further delays could be devastating to the project.

**Persons Testifying:** PRO: Senator Curtis King, Prime Sponsor; David Hablewitz, stop405tolls.org; Victor Bishop, Eastside Transportation Association; Todd Woosley, Hal Woosley Properties, Inc..

CON: Lynne Robinson, Mayor, City of Bellevue; Jennifer Robertson, Councilmember, City of Bellevue; Chad Bieren, City of Kent; Will Appleton, City of SeaTac; Mason Thompson, Councilmember, City of Bothell; Commissioner John McCarthy, The Northwest Seaport Alliance; Michael Transue, Tacoma Pierce County Chamber; Eric Ffitch, Port of Seattle.

OTHER: Andrea Reay, South Sound Chambers of Commerce Legislative Coalition, Seattle Southside Chamber of Commerce; Tara Doyle-Enneking, South Sound Chambers of Commerce Legislative Coalition, Puyallup Sumner Chamber of Commerce; Lora Butterfield, South Sound Chambers of Commerce Legislative Coalition, Fife Milton

Edgewood Chamber of Commerce; Zenovia Harris, South Sound Chambers of Commerce Legislative Coalition, Kent Chamber of Commerce; Jeff DeVere, Washington Trucking Associations; Julie Meredith, Washington State Department of Transportation; Ed Barry, Washington State Department of Transportation; Chris Herman, Washington Public Ports Association.

**Persons Signed In To Testify But Not Testifying:** No one.