

# HOUSE BILL REPORT

## HB 1012

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**As Reported by House Committee On:**  
Transportation

**Title:** An act relating to allowing Washington state ferry fares to be increased in excess of the fiscal growth factor.

**Brief Description:** Allowing Washington state ferry fares to be increased in excess of the fiscal growth factor.

**Sponsors:** Representatives Mitchell, Fisher, Poulsen, McDermott, Ogden and Dunn.

**Brief History:**

**Committee Activity:**

Transportation: 1/17/01, 2/26/01 [DP].

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>· Allows ferry fares to be increased above Initiative 601 limits.</li></ul>
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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 22 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Ahern, Anderson, Armstrong, G. Chandler, Edmonds, Hatfield, Hurst, Jarrett, Marine, Mielke, Morell, Murray, Ogden, Romero, Schindler, Sump and Wood.

**Minority Report:** Without recommendation. Signed by 7 members: Representatives Lovick, Democratic Vice Chair; Haigh, Jackley, Reardon, Rockefeller, Simpson and Woods.

**Staff:** Paul Neal, 786-7015

**Background:**

In the 2000 supplemental budget, Chapter 3, Laws of 2000, 2nd Executive Session, the Legislature created the Joint Task Force on Ferries (JTFF). Part of the task force's charge was to review fare policy and determine what level of operational funding should

be collected through the farebox. The task force, along with the Transportation Commission's Tariff Policy Committee, has recommended that the Transportation Commission begin phasing in fare increases over a six-year period. The goal of the increases will be to increase the proportion of operating expenses recovered from the farebox from the current level of 60 percent up to a new target level of 80 percent.

This substantial increase in farebox revenue will require significant increases in ferry tariffs. There is currently a legal impediment to fare increases of the size recommended by the JTFF.

In 1993 the people of Washington passed Initiative 601 (I-601) which includes a provision limiting the growth of fees imposed by the state. Under RCW 43.135.025 this I-601 limit is calculated based upon increases in inflation and state population. This factor currently limits fee increases to 2.87 percent annually.

In the opinion of the Office of the Attorney General, ferry tariffs are a fee under RCW 43.135.055 and are subject to the I-601 limit. However, I-601 authorized the Legislature to exempt particular fees, thus allowing them to be raised in excess of the limit. The Transportation Commission cannot implement the fare increases recommended by the JTFF unless the Legislature exercises its authority under I-601 to exempt ferry tariffs from the I-601 limit on fee increases.

The Legislature has granted that approval in the past. In the 1998 supplemental transportation budget (Chapter 348, Laws of 1998), the Legislature authorized the Transportation Commission to increase ferry tariffs in excess of the fiscal growth factor. Because the authorization was in a budget bill, it was only effective for the 1998 and 1999 fiscal years. The Legislature has passed permanent I-601 waivers in other situations; see RCW 46.16.063 (RV account fee).

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**Summary of Bill:**

HB 1012 would grant the Transportation Commission the authority to increase ferry fares in excess of the I-601 limitation on fee increases.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

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

**Testimony For:** The passage of Initiative 695 significantly reduced funding for the ferry system. It is necessary to increase fares to partially replace the lost revenue. While

there is some difference of opinion about the ultimate amount of fare increases, it is important to authorize fare increases in excess of the Initiative 601 limit.

**Testimony Against:** None.

**Testified:** Willem Maas, Vashon Ferry Advisory Council; Jack Leengran, Clinton Ferry Advisory Committee; Paul W. Locke, citizen; Darcie Nielsen, San Juan County; Terry McCarthy, Washington State Ferries; Gordon Baxter, Master, Mates and Pilots, Marine Engineers Beneficial Association, and Metal Trades Council; and David Freiboth, Inlandboatmen's Union.