

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1773

60th Legislature
2008 Regular Session

Passed by the House March 8, 2008
Yeas 60 Nays 33

Speaker of the House of Representatives

Passed by the Senate March 5, 2008
Yeas 29 Nays 19

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1773** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1773

AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 Regular Session

By House Transportation (originally sponsored by Representatives
Clibborn and Jarrett)

READ FIRST TIME 02/04/08.

1 AN ACT Relating to the imposition of tolls; amending RCW 47.56.030,
2 47.56.040, 47.56.070, 47.56.076, 47.56.078, 47.56.120, 47.56.240,
3 35.74.050, 36.120.050, 36.73.040, 47.29.060, 47.58.030, 47.60.010, and
4 53.34.010; reenacting and amending RCW 43.79A.040; adding new sections
5 to chapter 47.56 RCW; repealing RCW 47.56.0761 and 47.56.080; and
6 declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The legislature finds and declares that it
9 is the policy of the state of Washington to use tolling to provide a
10 source of transportation funding and to encourage effective use of the
11 transportation system.

12 The legislature intends that the policy framework created by this
13 act will guide subsequent legislation and decisions regarding the
14 tolling of specific facilities and corridors. For each state-owned
15 facility or corridor, the legislature intends that it will authorize
16 the budget and finance plan. Specific issues that may be addressed in
17 the finance plan and budget authorization legislation include the
18 amount of financing required for a facility or corridor, the budget for

1 any construction and operations financed by tolling, whether and how
2 variable pricing will be applied, and the timing of tolling.

3 The legislature also intends that while the transportation
4 commission, as the toll-setting authority, may set toll rates for
5 facilities, corridors, or systems thereof, the legislature reserves the
6 authority to impose tolls on any state transportation route or
7 facility. Similarly, local or quasi-local entities that retain the
8 power to impose tolls may do so as long as the effect of those tolls on
9 the state highway system is consistent with the policy guidelines
10 detailed in this act. If the imposition of tolls could have an impact
11 on state facilities, the state tolling authority must review and
12 approve such tolls.

13 NEW SECTION. **Sec. 2.** This subchapter applies only to all state
14 toll bridges and other state toll facilities, excluding the Washington
15 state ferries, first authorized within this state after July 1, 2008.

16 NEW SECTION. **Sec. 3.** The definitions in this section apply
17 throughout this subchapter unless the context clearly requires
18 otherwise:

19 (1) "Tolling authority" means the governing body that is legally
20 empowered to review and adjust toll rates. Unless otherwise delegated,
21 the transportation commission is the tolling authority for all state
22 highways.

23 (2) "Eligible toll facility" or "eligible toll facilities" means
24 portions of the state highway system specifically identified by the
25 legislature including, but not limited to, transportation corridors,
26 bridges, crossings, interchanges, on-ramps, off-ramps, approaches,
27 bistrate facilities, and interconnections between highways.

28 (3) "Toll revenue" or "revenue from an eligible toll facility"
29 means toll receipts, all interest income derived from the investment of
30 toll receipts, and any gifts, grants, or other funds received for the
31 benefit of the eligible toll facility.

32 NEW SECTION. **Sec. 4.** (1) Unless otherwise delegated, only the
33 legislature may authorize the imposition of tolls on eligible toll
34 facilities.

1 (2) All revenue from an eligible toll facility must be used only to
2 construct, improve, preserve, maintain, manage, or operate the eligible
3 toll facility on or in which the revenue is collected. Expenditures of
4 toll revenues are subject to appropriation and must be made only:

5 (a) To cover the operating costs of the eligible toll facility,
6 including necessary maintenance, preservation, administration, and toll
7 enforcement by public law enforcement within the boundaries of the
8 facility;

9 (b) To meet obligations for the repayment of debt and interest on
10 the eligible toll facilities, and any other associated financing costs
11 including, but not limited to, required reserves and insurance;

12 (c) To meet any other obligations to provide funding contributions
13 for any projects or operations on the eligible toll facilities;

14 (d) To provide for the operations of conveyances of people or
15 goods; or

16 (e) For any other improvements to the eligible toll facilities.

17 NEW SECTION. **Sec. 5.** Any proposal for the establishment of
18 eligible toll facilities shall consider the following policy
19 guidelines:

20 (1) Overall direction. Washington should use tolling to encourage
21 effective use of the transportation system and provide a source of
22 transportation funding.

23 (2) When to use tolling. Tolling should be used when it can be
24 demonstrated to contribute a significant portion of the cost of a
25 project that cannot be funded solely with existing sources or optimize
26 the performance of the transportation system. Such tolling should, in
27 all cases, be fairly and equitably applied in the context of the
28 statewide transportation system and not have significant adverse
29 impacts through the diversion of traffic to other routes that cannot
30 otherwise be reasonably mitigated. Such tolling should also consider
31 relevant social equity, environmental, and economic issues, and should
32 be directed at making progress toward the state's greenhouse gas
33 reduction goals.

34 (3) Use of toll revenue. All revenue from an eligible toll
35 facility must be used only to improve, preserve, manage, or operate the
36 eligible toll facility on or in which the revenue is collected.

1 Additionally, toll revenue should provide for and encourage the
2 inclusion of recycled and reclaimed construction materials.

3 (4) Setting toll rates. Toll rates, which may include variable
4 pricing, must be set to meet anticipated funding obligations. To the
5 extent possible, the toll rates should be set to optimize system
6 performance, recognizing necessary trade-offs to generate revenue.

7 (5) Duration of toll collection. Because transportation
8 infrastructure projects have costs and benefits that extend well beyond
9 those paid for by initial construction funding, tolls on future toll
10 facilities may remain in place to fund additional capacity, capital
11 rehabilitation, maintenance, management, and operations, and to
12 optimize performance of the system.

13 NEW SECTION. **Sec. 6.** (1) A tolling advisory committee may be
14 created at the direction of the tolling authority for any eligible toll
15 facilities. The tolling authority shall appoint nine members to the
16 committee, all of whom must be permanent residents of the affected
17 project area as defined for each project. Members of the committee
18 shall serve without receiving compensation.

19 (2) The tolling advisory committee shall serve in an advisory
20 capacity to the tolling authority on all matters related to the
21 imposition of tolls including, but not limited to: (a) The feasibility
22 of providing discounts; (b) the trade-off of lower tolls versus the
23 early retirement of debt; and (c) consideration of variable or time of
24 day pricing.

25 (3) In setting toll rates, the tolling authority shall consider
26 recommendations of the tolling advisory committee.

27 NEW SECTION. **Sec. 7.** (1) Unless these powers are otherwise
28 delegated by the legislature, the transportation commission is the
29 tolling authority for the state. The tolling authority shall:

30 (a) Set toll rates, establish appropriate exemptions, if any, and
31 make adjustments as conditions warrant on eligible toll facilities;

32 (b) Review toll collection policies, toll operations policies, and
33 toll revenue expenditures on the eligible toll facilities and report
34 annually on this review to the legislature.

35 (2) The tolling authority, in determining toll rates, shall
36 consider the policy guidelines established in section 5 of this act.

1 (3) Unless otherwise directed by the legislature, in setting and
2 periodically adjusting toll rates, the tolling authority must ensure
3 that toll rates will generate revenue sufficient to:

4 (a) Meet the operating costs of the eligible toll facilities,
5 including necessary maintenance, preservation, administration, and toll
6 enforcement by public law enforcement;

7 (b) Meet obligations for the repayment of debt and interest on the
8 eligible toll facilities, and any other associated financing costs
9 including, but not limited to, required reserves, minimum debt coverage
10 or other appropriate contingency funding, and insurance; and

11 (c) Meet any other obligations of the tolling authority to provide
12 its proportionate share of funding contributions for any projects or
13 operations of the eligible toll facilities.

14 (4) The established toll rates may include variable pricing, and
15 should be set to optimize system performance, recognizing necessary
16 trade-offs to generate revenue for the purposes specified in subsection
17 (3) of this section. Tolls may vary for type of vehicle, time of day,
18 traffic conditions, or other factors designed to improve performance of
19 the system.

20 **Sec. 8.** RCW 47.56.030 and 2002 c 114 s 19 are each amended to read
21 as follows:

22 (1) Except as permitted under chapter 47.29 or 47.46 RCW:

23 (a) Unless otherwise delegated, and subject to section 4 of this
24 act, the department of transportation shall have full charge of the
25 planning, analysis, and construction of all toll bridges and other toll
26 facilities including the Washington state ferries, and the operation
27 and maintenance thereof.

28 (b) The transportation commission shall determine and establish the
29 tolls and charges thereon(~~(, and shall perform all duties and exercise~~
30 ~~all powers relating to the financing, refinancing, and fiscal~~
31 ~~management of all toll bridges and other toll facilities including the~~
32 ~~Washington state ferries, and bonded indebtedness in the manner~~
33 ~~provided by law)).~~

34 (c) Unless otherwise delegated, and subject to section 4 of this
35 act, the department shall have full charge of planning, analysis, and
36 design of all toll facilities. The department may conduct the

1 planning, analysis, and design of toll facilities as necessary to
2 support the legislature's consideration of toll authorization.

3 (d) The department shall utilize and administer toll collection
4 systems that are simple, unified, and interoperable. To the extent
5 practicable, the department shall avoid the use of toll booths. The
6 department shall set the statewide standards and protocols for all toll
7 facilities within the state, including those authorized by local
8 authorities.

9 (e) Except as provided in this section, the department shall
10 proceed with the construction of such toll bridges and other facilities
11 and the approaches thereto by contract in the manner of state highway
12 construction immediately upon there being made available funds for such
13 work and shall prosecute such work to completion as rapidly as
14 practicable. The department is authorized to negotiate contracts for
15 any amount without bid under ~~((d)(i))~~ (e)(i) and (ii) of this
16 subsection:

17 (i) Emergency contracts, in order to make repairs to ferries or
18 ferry terminal facilities or removal of such facilities whenever
19 continued use of ferries or ferry terminal facilities constitutes a
20 real or immediate danger to the traveling public or precludes prudent
21 use of such ferries or facilities; and

22 (ii) Single source contracts for vessel dry dockings, when there is
23 clearly and legitimately only one available bidder to conduct dry dock-
24 related work for a specific class or classes of vessels. The contracts
25 may be entered into for a single vessel dry docking or for multiple
26 vessel dry dockings for a period not to exceed two years.

27 (2) The department shall proceed with the procurement of materials,
28 supplies, services, and equipment needed for the support, maintenance,
29 and use of a ferry, ferry terminal, or other facility operated by
30 Washington state ferries, in accordance with chapter 43.19 RCW except
31 as follows:

32 ~~((Except as provided in (d) of this subsection,))~~ When the
33 secretary of the department of transportation determines in writing
34 that the use of invitation for bid is either not practicable or not
35 advantageous to the state and it may be necessary to make competitive
36 evaluations, including technical or performance evaluations among
37 acceptable proposals to complete the contract award, a contract may be
38 entered into by use of a competitive sealed proposals method, and a

1 formal request for proposals solicitation. Such formal request for
2 proposals solicitation shall include a functional description of the
3 needs and requirements of the state and the significant factors.

4 (b) When purchases are made through a formal request for proposals
5 solicitation the contract shall be awarded to the responsible proposer
6 whose competitive sealed proposal is determined in writing to be the
7 most advantageous to the state taking into consideration price and
8 other evaluation factors set forth in the request for proposals. No
9 significant factors may be used in evaluating a proposal that are not
10 specified in the request for proposals. Factors that may be considered
11 in evaluating proposals include but are not limited to: Price;
12 maintainability; reliability; commonality; performance levels; life
13 cycle cost if applicable under this section; cost of transportation or
14 delivery; delivery schedule offered; installation cost; cost of spare
15 parts; availability of parts and service offered; and the following:

16 (i) The ability, capacity, and skill of the proposer to perform the
17 contract or provide the service required;

18 (ii) The character, integrity, reputation, judgment, experience,
19 and efficiency of the proposer;

20 (iii) Whether the proposer can perform the contract within the time
21 specified;

22 (iv) The quality of performance of previous contracts or services;

23 (v) The previous and existing compliance by the proposer with laws
24 relating to the contract or services;

25 (vi) Objective, measurable criteria defined in the request for
26 proposal. These criteria may include but are not limited to items such
27 as discounts, delivery costs, maintenance services costs, installation
28 costs, and transportation costs; and

29 (vii) Such other information as may be secured having a bearing on
30 the decision to award the contract.

31 (c) When purchases are made through a request for proposal process,
32 proposals received shall be evaluated based on the evaluation factors
33 set forth in the request for proposal. When issuing a request for
34 proposal for the procurement of propulsion equipment or systems that
35 include an engine, the request for proposal must specify the use of a
36 life cycle cost analysis that includes an evaluation of fuel
37 efficiency. When a life cycle cost analysis is used, the life cycle
38 cost of a proposal shall be given at least the same relative importance

1 as the initial price element specified in the request of proposal
2 documents. The department may reject any and all proposals received.
3 If the proposals are not rejected, the award shall be made to the
4 proposer whose proposal is most advantageous to the department,
5 considering price and the other evaluation factors set forth in the
6 request for proposal.

7 ~~((d) If the department is procuring large equipment or systems
8 (e.g., electrical, propulsion) needed for the support, maintenance, and
9 use of a ferry operated by Washington state ferries, the department
10 shall proceed with a formal request for proposal solicitation under
11 this subsection (2) without a determination of necessity by the
12 secretary.))~~

13 **Sec. 9.** RCW 47.56.040 and 1984 c 7 s 248 are each amended to read
14 as follows:

15 The department is empowered, in accordance with the provisions of
16 this chapter, to provide for the establishment and construction of toll
17 bridges upon any public highways of this state together with approaches
18 thereto wherever it is considered necessary or advantageous and
19 practicable for crossing any stream, body of water, gulch, navigable
20 water, swamp, or other topographical formation whether that formation
21 is within this state or constitutes a boundary between this state and
22 an adjoining state or country. ~~((The necessity or advantage and
23 practicability of any such toll bridge shall be determined by the
24 department, and the feasibility of financing any toll bridge in the
25 manner provided by this chapter shall be a primary consideration and
26 determined according to the best judgment of the department.))~~ For the
27 purpose of obtaining information for the consideration of the
28 department upon the construction of any toll bridge or any other
29 matters pertaining thereto, any cognizant officer or employee of the
30 state shall, upon the request of the department, make reasonable
31 examination, investigation, survey, or reconnaissance for the
32 determination of material facts pertaining thereto and report this to
33 the department. The cost of any such examination, investigation,
34 survey, or reconnaissance shall be borne by the department or office
35 conducting these activities from the funds provided for that department
36 or office for its usual functions.

1 **Sec. 10.** RCW 47.56.070 and 1977 ex.s. c 151 s 67 are each amended
2 to read as follows:

3 The department of transportation may, ~~((with the approval of the~~
4 ~~transportation commission))~~ in accordance with this chapter, provide
5 for the ~~((establishment,))~~ construction~~((,))~~ and operation of toll
6 tunnels, toll roads, and other facilities necessary for their
7 construction and connection with public highways of the state. It may
8 cause surveys to be made to determine the propriety of their
9 ~~((establishment,))~~ construction~~((,))~~ and operation, and may acquire
10 rights-of-way and other facilities necessary to carry out the
11 provisions hereof; and may issue, sell, and redeem bonds, and deposit
12 and expend them; secure and remit financial and other assistance in the
13 construction thereof; carry insurance thereon; and handle any other
14 matters pertaining thereto, all of which shall be conducted in the same
15 manner and under the same procedure as provided for the
16 ~~((establishing,))~~ constructing, operating, and maintaining of toll
17 bridges by the department, insofar as reasonably consistent and
18 applicable. ~~((No toll facility, toll bridge, toll road, or toll~~
19 ~~tunnel, shall be combined with any other toll facility for the purpose~~
20 ~~of financing unless such facilities form a continuous project, to the~~
21 ~~end that each such facility or project be self liquidating and self-~~
22 ~~sustaining.))~~

23 **Sec. 11.** RCW 47.56.076 and 2006 c 311 s 19 are each amended to
24 read as follows:

25 (1) Upon approval of a majority of the voters within its boundaries
26 voting on the ballot proposition, ~~((and with the approval of the state~~
27 ~~transportation commission or its successor statewide tolling~~
28 ~~authority,))~~ a regional transportation investment district may
29 authorize vehicle tolls on a local or regional arterial or a state or
30 federal highway within the boundaries of the district. The department
31 shall administer the collection of vehicle tolls authorized on
32 designated facilities unless otherwise specified in law or by contract,
33 and the commission or its successor statewide tolling authority shall
34 set and impose the tolls in amounts sufficient to implement the
35 regional transportation investment plan under RCW 36.120.020.

36 (2) Consistent with section 4 of this act, vehicle tolls must first

1 be authorized by the legislature if the tolls are imposed on a state
2 route.

3 (3) Consistent with section 7 of this act, vehicle tolls, including
4 any change in an existing toll rate, must first be reviewed and
5 approved by the tolling authority designated in section 7 of this act
6 if the tolls, or change in toll rate, would have a significant impact,
7 as determined by the tolling authority, on the operation of any state
8 facility.

9 **Sec. 12.** RCW 47.56.078 and 2005 c 336 s 25 are each amended to
10 read as follows:

11 (1) Subject to the provisions under chapter 36.73 RCW, a
12 transportation benefit district may authorize vehicle tolls on state
13 routes or federal highways, city streets, or county roads, within the
14 boundaries of the district, unless otherwise prohibited by law. The
15 department of transportation shall administer the collection of vehicle
16 tolls authorized on state routes or federal highways, unless otherwise
17 specified in law or by contract, and the state transportation
18 commission, or its successor, may approve, set, and impose the tolls in
19 amounts sufficient to implement the district's transportation
20 improvement finance plan. The district shall administer the collection
21 of vehicle tolls authorized on city streets or county roads, and shall
22 set and impose the tolls, only with approval of the transportation
23 commission, in amounts sufficient to implement the district's
24 transportation improvement plan. Tolls may vary for type of vehicle,
25 for time of day, for traffic conditions, and/or other factors designed
26 to improve performance of the facility or the transportation network.

27 (2) Consistent with section 4 of this act, vehicle tolls must first
28 be authorized by the legislature if the tolls are imposed on a state
29 route.

30 (3) Consistent with section 7 of this act, vehicle tolls, including
31 any change in an existing toll rate, must first be reviewed and
32 approved by the tolling authority designated in section 7 of this act
33 if the tolls, or change in toll rate, would have a significant impact,
34 as determined by the tolling authority, on the operation of any state
35 facility.

1 Consistent with section 7 of this act, any toll proposed under this
2 section, including any change in an existing toll rate, must first be
3 reviewed and approved by the tolling authority designated in section 7
4 of this act if the toll, or change in toll rate, would have a
5 significant impact, as determined by the tolling authority, on the
6 operation of any state facility.

7 **Sec. 16.** RCW 36.120.050 and 2006 c 311 s 13 are each amended to
8 read as follows:

9 (1) A regional transportation investment district planning
10 committee may, as part of a regional transportation investment plan,
11 recommend the imposition or authorization of some or all of the
12 following revenue sources, which a regional transportation investment
13 district may impose or authorize upon approval of the voters as
14 provided in this chapter:

15 (a) A regional sales and use tax, as specified in RCW 82.14.430, of
16 up to 0.1 percent of the selling price, in the case of a sales tax, or
17 value of the article used, in the case of a use tax, upon the
18 occurrence of any taxable event in the regional transportation
19 investment district;

20 (b) A local option vehicle license fee, as specified under RCW
21 82.80.100, of up to one hundred dollars per vehicle registered in the
22 district. As used in this subsection, "vehicle" means motor vehicle as
23 defined in RCW 46.04.320. Certain classes of vehicles, as defined
24 under chapter 46.04 RCW, may be exempted from this fee;

25 (c) A parking tax under RCW 82.80.030;

26 (d) A local motor vehicle excise tax under RCW 81.100.060;

27 (e) A local option fuel tax under RCW 82.80.120;

28 (f) An employer excise tax under RCW 81.100.030; and

29 (g) Vehicle tolls on new or reconstructed local or regional
30 arterials or state (~~or federal highways~~) routes within the boundaries
31 of the district, if the following conditions are met:

32 (~~i) ((Any such toll must be approved by the state transportation~~
33 ~~commission or its successor statewide tolling authority;~~

34 ~~(ii))~~ Consistent with section 4 of this act, the vehicle toll must
35 first be authorized by the legislature if the toll is imposed on a
36 state route;

1 (ii) Consistent with section 7 of this act, the vehicle toll,
2 including any change in an existing toll rate, must first be reviewed
3 and approved by the tolling authority designated in section 7 of this
4 act if the toll, or change in toll rate, would have a significant
5 impact, as determined by the tolling authority, on the operation of any
6 state facility;

7 (iii) The regional transportation investment plan must identify the
8 facilities that may be tolled; and

9 ~~((iii))~~ (iv) Unless otherwise specified by law, the department
10 shall administer the collection of vehicle tolls on designated
11 facilities, and the state transportation commission, or its successor,
12 shall be the tolling authority, and shall act in accordance with
13 section 7 of this act.

14 (2) Taxes, fees, and tolls may not be imposed or authorized without
15 an affirmative vote of the majority of the voters within the boundaries
16 of the district voting on a ballot proposition as set forth in RCW
17 36.120.070. Revenues from these taxes and fees may be used only to
18 implement the plan as set forth in this chapter. A district may
19 contract with the state department of revenue or other appropriate
20 entities for administration and collection of any of the taxes or fees
21 authorized in this section.

22 (3) Existing statewide motor vehicle fuel and special fuel taxes,
23 at the distribution rates in effect on January 1, 2001, are not
24 intended to be altered by this chapter.

25 **Sec. 17.** RCW 36.73.040 and 2005 c 336 s 4 are each amended to read
26 as follows:

27 (1) A transportation benefit district is a quasi-municipal
28 corporation, an independent taxing "authority" within the meaning of
29 Article VII, section 1 of the state Constitution, and a "taxing
30 district" within the meaning of Article VII, section 2 of the state
31 Constitution.

32 (2) A transportation benefit district constitutes a body corporate
33 and possesses all the usual powers of a corporation for public purposes
34 as well as all other powers that may now or hereafter be specifically
35 conferred by statute, including, but not limited to, the authority to
36 hire employees, staff, and services, to enter into contracts, to

1 acquire, hold, and dispose of real and personal property, and to sue
2 and be sued. Public works contract limits applicable to the
3 jurisdiction that established the district apply to the district.

4 (3) To carry out the purposes of this chapter, and subject to the
5 provisions of RCW 36.73.065, a district is authorized to impose the
6 following taxes, fees, charges, and tolls:

7 (a) A sales and use tax in accordance with RCW 82.14.0455;

8 (b) A vehicle fee in accordance with RCW 82.80.140;

9 (c) A fee or charge in accordance with RCW 36.73.120. However, if
10 a county or city within the district area is levying a fee or charge
11 for a transportation improvement, the fee or charge shall be credited
12 against the amount of the fee or charge imposed by the district.
13 Developments consisting of less than twenty residences are exempt from
14 the fee or charge under RCW 36.73.120; and

15 (d) Vehicle tolls on state routes (~~(or federal highways)~~), city
16 streets, or county roads, within the boundaries of the district, unless
17 otherwise prohibited by law. However, consistent with section 4 of
18 this act, the vehicle toll must first be authorized by the legislature
19 if the toll is imposed on a state route. The department of
20 transportation shall administer the collection of vehicle tolls
21 authorized on state routes (~~(or federal highways)~~), unless otherwise
22 specified in law or by contract, and the state transportation
23 commission, or its successor, may approve, set, and impose the tolls in
24 amounts sufficient to implement the district's transportation
25 improvement finance plan. The district shall administer the collection
26 of vehicle tolls authorized on city streets or county roads, and shall
27 set and impose(~~(, only with approval of the transportation commission,~~
28 ~~or its successor,)~~) the tolls in amounts sufficient to implement the
29 district's transportation improvement plan. However, consistent with
30 section 7 of this act, the vehicle toll, including any change in an
31 existing toll rate, must first be reviewed and approved by the tolling
32 authority designated in section 7 of this act if the toll, or change in
33 toll rate, would have a significant impact, as determined by the
34 tolling authority, on the operation of any state facility.

35 **Sec. 18.** RCW 47.29.060 and 2005 c 317 s 6 are each amended to read
36 as follows:

37 (1) Subject to the limitations in this section, the department may,

1 in connection with the evaluation of eligible projects, consider any
2 financing mechanisms identified under subsections (3) through (5) of
3 this section or any other lawful source, either integrated as part of
4 a project proposal or as a separate, stand-alone proposal to finance a
5 project. Financing may be considered for all or part of a proposed
6 project. A project may be financed in whole or in part with:

7 (a) The proceeds of grant anticipation revenue bonds authorized by
8 23 U.S.C. Sec. 122 and applicable state law. Legislative authorization
9 and appropriation is required in order to use this source of financing;

10 (b) Grants, loans, loan guarantees, lines of credit, revolving
11 lines of credit, or other financing arrangements available under the
12 Transportation Infrastructure Finance and Innovation Act under 23
13 U.S.C. Sec. 181 et seq., or any other applicable federal law;

14 (c) Infrastructure loans or assistance from the state
15 infrastructure bank established by RCW 82.44.195;

16 (d) Federal, state, or local revenues, subject to appropriation by
17 the applicable legislative authority;

18 (e) User fees, tolls, fares, lease proceeds, rents, gross or net
19 receipts from sales, proceeds from the sale of development rights,
20 franchise fees, or any other lawful form of consideration. However,
21 projects financed by tolls or equivalent funding sources must first be
22 authorized by the legislature under section 4 of this act.

23 (2) As security for the payment of financing described in this
24 section, the revenues from the project may be pledged, but no such
25 pledge of revenues constitutes in any manner or to any extent a general
26 obligation of the state. Any financing described in this section may
27 be structured on a senior, parity, or subordinate basis to any other
28 financing.

29 (3) For any transportation project developed under this chapter
30 that is owned, leased, used, or operated by the state, as a public
31 facility, if indebtedness is issued, it must be issued by the state
32 treasurer for the transportation project.

33 (4) For other public projects defined in RCW 47.29.050(2) that are
34 developed in conjunction with a transportation project, financing
35 necessary to develop, construct, or operate the public project must be
36 approved by the state finance committee or by the governing board of a
37 public benefit corporation as provided in the federal Internal Revenue
38 Code section 63-20;

1 (5) For projects that are developed in conjunction with a
2 transportation project but are not themselves a public facility or
3 public project, any lawful means of financing may be used.

4 **Sec. 19.** RCW 47.58.030 and 1984 c 7 s 290 are each amended to read
5 as follows:

6 Except as otherwise provided in section 7 of this act, the
7 secretary shall have full charge of the construction of all such
8 improvements and reconstruction work and the construction of any
9 additional bridge, including approaches and connecting highways, that
10 may be authorized under this chapter and the operation of such bridge
11 or bridges, as well as the collection of tolls and other charges for
12 services and facilities thereby afforded. The schedule of charges for
13 the services and facilities shall be fixed and revised from time to
14 time by the commission so that the tolls and revenues collected will
15 yield annual revenue and income sufficient, after payment or allowance
16 for all operating, maintenance, and repair expenses, to pay the
17 interest on all revenue bonds outstanding under the provisions of this
18 chapter for account of the project and to create a sinking fund for the
19 retirement of the revenue bonds at or prior to maturity. The charges
20 shall be continued until all such bonds and interest thereon and unpaid
21 advancements, if any, have been paid.

22 **Sec. 20.** RCW 47.60.010 and 1984 c 18 s 1 are each amended to read
23 as follows:

24 The department is authorized to acquire by lease, charter,
25 contract, purchase, condemnation, or construction, and partly by any or
26 all of such means, and to thereafter operate, improve, and extend, a
27 system of ferries on and crossing Puget Sound and any of its tributary
28 waters and connections thereof, and connecting with the public streets
29 and highways in the state. The system of ferries shall include such
30 boats, vessels, wharves, docks, approaches, landings, franchises,
31 licenses, and appurtenances as shall be determined by the department to
32 be necessary or desirable for efficient operation of the ferry system
33 and best serve the public. Subject to section 4 of this act, the
34 department may in like manner acquire by purchase, condemnation, or
35 construction and include in the ferry system such toll bridges,
36 approaches, and connecting roadways as may be deemed by the department

1 advantageous in channeling traffic to points served by the ferry
2 system. In addition to the powers of acquisition granted by this
3 section, the department is empowered to enter into any contracts,
4 agreements, or leases with any person, firm, or corporation and to
5 thereby provide, on such terms and conditions as it shall determine,
6 for the operation of any ferry or ferries or system thereof, whether
7 acquired by the department or not.

8 The authority of the department to sell and lease back any state
9 ferry, for federal tax purposes only, as authorized by 26 U.S.C., Sec.
10 168(f)(8) is confirmed. Legal title and all incidents of legal title
11 to any ferry sold and leased back (except for the federal tax benefits
12 attributable to the ownership thereof) shall remain in the state of
13 Washington.

14 **Sec. 21.** RCW 53.34.010 and 1984 c 7 s 365 are each amended to read
15 as follows:

16 In addition to all other powers granted to port districts, any such
17 district may, with the consent of the department of transportation,
18 acquire by condemnation, purchase, lease, or gift, and may construct,
19 reconstruct, maintain, operate, furnish, equip, improve, better, add
20 to, extend, and lease to others in whole or in part and sell in whole
21 or in part any one or more of the following port projects, within or
22 without or partially within and partially without the corporate limits
23 of the district whenever the commission of the district determines that
24 any one or more of such projects are necessary for or convenient to the
25 movement of commercial freight and passenger traffic a part of which
26 traffic moves to, from, or through the territory of the district:

27 (1) Toll bridges;

28 (2) Tunnels under or upon the beds of any river, stream, or other
29 body of water, or through mountain ranges.

30 In connection with the acquisition or construction of any one or
31 more of such projects the port districts may, with the consent of the
32 state department of transportation, further acquire or construct,
33 maintain, operate, or improve limited or unlimited access highway
34 approaches of such length as the commission of such district deems
35 advisable to provide means of interconnection of the facilities with
36 public highways and of ingress and egress to any such project,
37 including plazas and toll booths, and to construct and maintain under,

1 along, over, or across any such project telephone, telegraph, or
2 electric transmission wires and cables, fuel lines, gas transmission
3 lines or mains, water transmission lines or mains, and other mechanical
4 equipment not inconsistent with the appropriate use of the project, all
5 for the purpose of obtaining revenues for the payment of the cost of
6 the project.

7 Consistent with section 7 of this act, any toll, including any
8 change in an existing toll rate, proposed under this section must first
9 be reviewed and approved by the tolling authority designated in section
10 7 of this act if the toll, or change in toll rate, would have a
11 significant impact, as determined by the tolling authority, on the
12 operation of any state facility.

13 NEW SECTION. Sec. 22. The following acts or parts of acts are
14 each repealed:

15 (1) RCW 47.56.0761 (Regional transportation investment district--
16 Tolls on Lake Washington bridges) and 2006 c 311 s 20; and

17 (2) RCW 47.56.080 (Construction of toll bridges and issuance of
18 bonds authorized) and 1977 ex.s. c 151 s 68 & 1961 c 13 s 47.56.080.

19 NEW SECTION. Sec. 23. A new section is added to chapter 47.56 RCW
20 to read as follows:

21 The toll collection account is created in the custody of the state
22 treasurer. All receipts from prepaid customer tolls must be deposited
23 into the account. Distributions from the account may be used only to
24 refund customers' prepaid tolls or for distributions into the
25 appropriate toll facility account. Distributions into the appropriate
26 toll facility account shall be based on charges incurred at each toll
27 facility and shall include a proportionate share of interest earned
28 from amounts deposited into the account. For purposes of accounting,
29 distributions from the account constitute earned toll revenues in the
30 receiving toll facility account at the time of distribution. Only the
31 secretary of transportation or the secretary's designee may authorize
32 distributions from the account. Distributions of revenue and refunds
33 from this account are not subject to the allotment procedures under
34 chapter 43.88 RCW and an appropriation is not required.

1 **Sec. 24.** RCW 43.79A.040 and 2007 c 523 s 5, 2007 c 357 s 21, and
2 2007 c 214 s 14 are each reenacted and amended to read as follows:

3 (1) Money in the treasurer's trust fund may be deposited, invested,
4 and reinvested by the state treasurer in accordance with RCW 43.84.080
5 in the same manner and to the same extent as if the money were in the
6 state treasury.

7 (2) All income received from investment of the treasurer's trust
8 fund shall be set aside in an account in the treasury trust fund to be
9 known as the investment income account.

10 (3) The investment income account may be utilized for the payment
11 of purchased banking services on behalf of treasurer's trust funds
12 including, but not limited to, depository, safekeeping, and
13 disbursement functions for the state treasurer or affected state
14 agencies. The investment income account is subject in all respects to
15 chapter 43.88 RCW, but no appropriation is required for payments to
16 financial institutions. Payments shall occur prior to distribution of
17 earnings set forth in subsection (4) of this section.

18 (4)(a) Monthly, the state treasurer shall distribute the earnings
19 credited to the investment income account to the state general fund
20 except under (b) and (c) of this subsection.

21 (b) The following accounts and funds shall receive their
22 proportionate share of earnings based upon each account's or fund's
23 average daily balance for the period: The Washington promise
24 scholarship account, the college savings program account, the
25 Washington advanced college tuition payment program account, the
26 agricultural local fund, the American Indian scholarship endowment
27 fund, the foster care scholarship endowment fund, the foster care
28 endowed scholarship trust fund, the students with dependents grant
29 account, the basic health plan self-insurance reserve account, the
30 contract harvesting revolving account, the Washington state combined
31 fund drive account, the commemorative works account, the Washington
32 international exchange scholarship endowment fund, the toll collection
33 account, the developmental disabilities endowment trust fund, the
34 energy account, the fair fund, the family leave insurance account, the
35 fruit and vegetable inspection account, the future teachers conditional
36 scholarship account, the game farm alternative account, the GET ready
37 for math and science scholarship account, the grain inspection
38 revolving fund, the juvenile accountability incentive account, the law

1 enforcement officers' and firefighters' plan 2 expense fund, the local
2 tourism promotion account, the produce railcar pool account, the
3 regional transportation investment district account, the rural
4 rehabilitation account, the stadium and exhibition center account, the
5 youth athletic facility account, the self-insurance revolving fund, the
6 sulfur dioxide abatement account, the children's trust fund, the
7 Washington horse racing commission Washington bred owners' bonus fund
8 account, the Washington horse racing commission class C purse fund
9 account, the individual development account program account, the
10 Washington horse racing commission operating account (earnings from the
11 Washington horse racing commission operating account must be credited
12 to the Washington horse racing commission class C purse fund account),
13 the life sciences discovery fund, the Washington state heritage center
14 account, and the reading achievement account. However, the earnings to
15 be distributed shall first be reduced by the allocation to the state
16 treasurer's service fund pursuant to RCW 43.08.190.

17 (c) The following accounts and funds shall receive eighty percent
18 of their proportionate share of earnings based upon each account's or
19 fund's average daily balance for the period: The advanced right-of-way
20 revolving fund, the advanced environmental mitigation revolving
21 account, the city and county advance right-of-way revolving fund, the
22 federal narcotics asset forfeitures account, the high occupancy vehicle
23 account, the local rail service assistance account, and the
24 miscellaneous transportation programs account.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no trust accounts or funds shall be allocated earnings
27 without the specific affirmative directive of this section.

28 NEW SECTION. **Sec. 25.** Sections 1 through 7 of this act are each
29 added to chapter 47.56 RCW under the subchapter heading "toll
30 facilities created after July 1, 2008."

31 NEW SECTION. **Sec. 26.** Sections 23 and 24 of this act are
32 necessary for the immediate preservation of the public peace, health,
33 or safety, or support of the state government and its existing public
34 institutions, and take effect immediately.

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