

# HOUSE BILL REPORT

## HB 2675

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

**Title:** An act relating to eligible toll facilities.

**Brief Description:** Concerning eligible toll facilities.

**Sponsors:** Representatives Clibborn, Armstrong, Eddy and Springer; by request of Department of Transportation.

**Brief History:**

**Committee Activity:**

Transportation: 1/30/12, 2/6/12 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes the imposition of tolls on the central waterfront tunnel section of State Route 99.
- Requires the Department of Transportation to report to the Legislature on the Traffic and Revenue Study by December 1, 2012.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Armstrong, Ranking Minority Member; Angel, Asay, Eddy, Finn, Fitzgibbon, Hansen, Jinkins, Johnson, Klippert, Ladenburg, Moeller, Morris, Moscoso, Reykdal, Rivers, Ryu, Takko, Upthegrove and Zeiger.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Hargrove, Assistant Ranking Minority Member; Kristiansen, McCune, Overstreet, Rodne and Shea.

**Staff:** Alison Hellberg (786-7152).

**Background:**

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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 a part of the legislation nor does it constitute a statement of legislative intent.*

The State Route 99 (SR 99) Alaskan Way Viaduct is a major arterial serving freight and passenger vehicles through downtown Seattle. The facility sustained damage during the 2001 Nisqually earthquake and is susceptible to damage or closure.

Legislation enacted in 2009 required the state to expedite the environmental review and design processes to replace the Alaskan Way Viaduct with a deep bore tunnel under First Avenue from the vicinity of the sports stadiums in Seattle to Aurora Avenue north of the Battery Street Tunnel. In addition, the SR 99 Alaskan Way Viaduct replacement project finance plan must include no more than \$400 million in toll revenue.

An "eligible toll facility" is defined as a portion of the state highway system specifically identified by the Legislature including transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways. All revenue from an eligible toll facility must be used only to construct, improve, preserve, maintain, manage, or operate the eligible toll facility on or in which the revenue is collected. Unless otherwise delegated, the Washington State Transportation Commission is the tolling authority for all state highways.

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## **Summary of Substitute Bill:**

### Findings and Intent.

Findings are made and the intent of the Legislature is declared. The Legislature finds that there is an urgent need to replace the Alaskan Way Viaduct with a deep bore tunnel because it is vulnerable to closure, damage, or catastrophic failure as a result of earthquakes or other events. In 2009 the Legislature determined that the finance plan for the project should include no more than \$400 million in toll funding. It is the Legislature's intent to authorize tolling on the tunnel project, both to help finance the project and to help maintain travel time, speed, and reliability on the portion of SR 99 that would be replaced.

### Authorization of Tolling.

Tolling is authorized on the central waterfront tunnel section of SR 99 between milepost 30 at the north end of the Atlantic Bridge to milepost 32 at the south end of the Mercer Bridge in the City of Seattle. This portion of SR 99 is designated as an eligible toll facility and toll revenue generated from this facility may only be expended as allowed under state law.

In setting toll rates, the tolling authority must set a variable schedule of toll rates to maintain travel time, speed, and reliability on this facility and to generate the necessary revenue. The tolling authority may adjust the variable schedule of toll rates at least annually to reflect inflation and pay for the redemption of bonds and other obligations of the tolling authority.

The Alaskan Way Viaduct Replacement Project Account (Account) is created in the state treasury. Deposits to the Account must include:

- all proceeds of bonds issued for construction of the project, including any capitalized interest;
- all of the tolls and other revenues received from the operation of the toll facility;
- any interest that may be earned from the deposit or investment of those revenues;

- proceeds from the sale of any surplus real property acquired for the purpose of building the project; and
- all damages, liquidated or otherwise, collected under any contract involving the construction of the project.

Subject to the covenants made by the state in the bond proceedings for the construction of the project, toll charges, other revenues, and interest received from the operation of the project as a toll facility may be used to pay allowable costs and repay amounts to the Motor Vehicle Fund.

The Department of Transportation (Department) must report to the transportation committees of the Legislature on the "2012 Traffic and Revenue Study" by December 1, 2012.

**Substitute Bill Compared to Original Bill:**

The Department must report to the transportation committees of the Legislature on the "2012 Traffic and Revenue Study" by December 1, 2012. The word "tunnel" is added in several places to specify that it is the central waterfront tunnel section of SR 99 on which tolling is authorized.

Several provisions are removed. Language allowing eligible toll facilities to be combined, after approval by the State Finance Committee, to form eligible toll facility systems is removed. Also removed is the language creating the Toll Facilities Account. In addition, technical changes made to tolling related statutes are deleted.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) In 2009 the Legislature directed the Department to move forward as quickly as possible to implement the deep bore tunnel option to replace the seismically vulnerable Alaskan Way Viaduct. The Department is following this direction. The environmental process has been completed and the southern mile of the viaduct has been removed. The Department has also entered into a \$1.3 billion contract to construct the bore tunnel. The legislative direction in 2009 also specified that the Department should pursue tolling in the tunnel securing up to \$400 million for the state's contribution to the project.

At this point, the Department has entered into contracts that total about \$2.4 billion. So far, the project is on time and on budget. Over the next year the Department will aggressively pursue completion of this project on schedule, which means to have the tunnel open by the end of 2015. In doing this, commitments will be made to contractors that are beyond the

\$2.4 billion. This means the Department will be relying on and making decisions based on funds that will be coming to the project through tolling. This bill makes clear the Legislature's commitment to tolling this facility and provides the assurances that the Department believes are necessary to proceed. Without this authorization, the Department will be committing funds from other projects to complete the viaduct replacement project.

The Department believes that bond proceeds are not essential to the project until July 2014. The Department does believe, though, that it needs the assurance of tolling at this point in the process. The Department would love to have bond authorization this session, but work needs to be done to update the toll analysis that was done in 2009. The plan is to come back in 2013 after this analysis to seek bond authorization.

There is a new revenue and traffic study being developed, which is very needed. Due to the recession, many of the models used in the original study need to be revised. The tolls cannot be set right now. Also, before the state sells bonds, an investment grade study needs to be completed and that will be in the future. This is a long process and it must be kept moving forward.

(Opposed) None.

**Persons Testifying:** David Dye and Linea Laird, Washington State Department of Transportation; and Dick Ford, Washington State Transportation Commission.

**Persons Signed In To Testify But Not Testifying:** None.