
Transportation Committee

HB 2142

Brief Description: Providing for a sufficient minimum balance to cover Tacoma Narrows bridge operating expenses.

Sponsors: Representatives Young and Caldier.

Brief Summary of Bill

- Prohibits a 45-day contingency reserve fund from being held in the Tacoma Narrows Toll Bridge Account.
- Requires the Office of the State Treasurer to adopt a rule in order to require a contingency reserve to cover expenses on the Tacoma Narrows Bridge.

Hearing Date: 2/24/15

Staff: Andrew Russell (786-7143).

Background:

Financing the Tacoma Narrows Bridge.

In 2002 the Washington State Department of Transportation (WSDOT) developed its finance plan for a new Tacoma Narrows Bridge. This plan called for tolls to be collected on the bridge, but the toll revenues were not pledged to support the bonds; instead, fuel tax dollars were pledged to bond holders. Ultimately, the Office of the State Treasurer (OST) issued zero-coupon bonds, most of which are non-callable, to finance the construction of the bridge, eliminating any need to pay debt service during the construction of the bridge. The new bridge opened to traffic in 2007, and the first debt-service payments were made shortly thereafter.

Toll Collection on the Tacoma Narrows Bridge.

The WSDOT collects tolls from drivers who cross the new bridge—that is, tolls are collected from drivers traveling eastbound on State Route 16. These toll revenues must be deposited into the Tacoma Narrows Toll Bridge Account, and the funds may be used only to reimburse the Motor Vehicle Account and to pay the costs of financing, operating, maintaining, and repairing

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the bridge. Currently, the toll rates for two-axle vehicles are \$4.50 when using a Good to Go! Pass, \$5.50 when paying in cash, and \$6.50 when paying by mail. The WSDOT's current finance plan shows that approximately \$69,500,000 will be collected in total revenue in the 2015 fiscal year.

Sufficient Minimum Balance.

In 2010 the Washington State Transportation Commission (WSTC), with guidance from the OST, adopted a sufficient minimum balance (SMB) policy. Because the bonds issued to construct the Tacoma Narrows Bridge did not include reserve requirements, this choice was a policy decision, not a contractual obligation. After input from the OST and WSDOT, the WSTC determined that the SMB should be equivalent to 45 days of working capital to cover any revenue shortfalls or legitimate cost increases. Under the WSDOT's current finance plan, annual costs are expected to be nearly \$66,000,000 in the 2015 fiscal year, and the sufficient minimum balance is set at \$8,248,000 during the 2015 fiscal year .

Summary of Bill:

Revenues and interest deposited into the Tacoma Narrows Toll Bridge Account are prohibited from being used to satisfy a requirement from the OST that the account carry a sufficient minimum balance to cover expenses of the Tacoma Narrows Bridge. Additionally, if the OST requires such a balance, it may do so only by rule, and the balance may be held only in the Motor Vehicle, Multimodal, or Highway Safety Accounts, or in a combination of these accounts.

Appropriation: None.

Fiscal Note: Requested on February 17, 2015.

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