

SENATE BILL REPORT

SB 5819

As Reported by Senate Committee On:
Transportation, February 23, 2017

Title: An act relating to the board of pilotage commissioners.

Brief Description: Concerning the board of pilotage commissioners.

Sponsors: Senators King and Hobbs.

Brief History:

Committee Activity: Transportation: 2/20/17, 2/23/17 [DPS, DNP].

Brief Summary of Substitute Bill

- Requires the Joint Legislative Audit Review Committee to audit the Board of Pilotage.
- Caps the current pilotage tariff for six years.
- Requires a transfer of \$1,000,000 from tariff to the pilotage account for the purpose of repaying self-insurance premiums for six years.
- Makes the Board of Pilotage an appropriated agency.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5819 be substituted therefor, and the substitute bill do pass.

Signed by Senators King, Chair; Hobbs, Ranking Minority Member; Cleveland, Ericksen, Fortunato, Hawkins, O'Ban, Takko, Walsh and Wilson.

Minority Report: Do not pass.

Signed by Senators Lias, Assistant Ranking Minority Member; Saldaña and Van De Wege.

Staff: Hayley Gamble (786-7452)

Background: The Board of Pilotage Commissioners (Board) is a regulatory board consisting of nine part-time members. Seven members are appointed by the Governor, each

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.

for a term of four years. Additionally, the Director of the Department of Ecology, or the Director's designee is a member, and the Assistant Secretary of the Department of Transportation's Ferry Division, or their designee is the chairperson. The Board trains, tests, licenses, and regulates marine pilotage in Puget Sound and Grays Harbor. The Board also sets tariff rates and takes disciplinary action against pilots and vessel owners who violate state pilotage laws. Generally, most foreign-flagged vessels are required to use a licensed marine pilot when in Puget Sound or Grays Harbor waters. Vessels using a pilot are charged a fee known as a pilotage tariff, which is set by the Board.

Pilots licensed by the Board are required to pay an annual license fee to the Board, currently set at \$6,500. The Board may assess a reduced fee for partially active or inactive pilots.

Since 2008, the Board has been a non-appropriated agency, and therefore does not need appropriation authority before making expenditures from the pilotage account. The Board is required to submit an annual report of its activities and financial transactions, as well as those of the Puget Sound Pilot's Association.

The Joint Legislative Audit and Review Committee (JLARC) conducts performance audits, program evaluations, and other analyses at the direction of the Legislature.

Summary of Bill (First Substitute): JLARC is required to conduct an audit of the Board to examine whether the Board is complying with current statutory requirements and provide a report to the Legislature by December 31, 2018. Specific items identified for review are:

- the Board's compliance with statutory reporting requirements;
- the composition of the fees charged for pilotage, how fees are developed, and the relationship between the fees, pilotage tariffs, and pilot district expenditures;
- how other states structure pilotage fees, training, and licensing;
- the diversity in the pilot applicant pool and pilot training program; and
- the composition and size of the Board.

For six years, the Board must transfer \$1,000,000 of the Puget Sound Pilot's tariff revenue into the pilotage account for the purpose of paying the Board's self-insurance premiums.

The amount of the annual license fee paid to the Board is set by the Board by rule.

The pilotage tariff set by the Board may not be increased from its current level for six years after the effective date of this bill. Expenditures from the pilotage account are subject to appropriation. The Board's annual report to the Legislature must be submitted by September 1st.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute): The annual license fee is not increased, but is set by the Board by rule.

For six years, the Board must transfer \$1,000,000 of the Puget Sound Pilot's tariff revenue into the pilotage account for the purpose of paying the Board's self-insurance premiums.

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 on July 1, 2017.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Vessel operators are not responsible for the lawsuit and should not bear the costs. The cap on the tariff is necessary to prevent costs being passed on. We support the JLARC study review.

CON: Representing the Masters and Mates that oppose two provisions in this bill; increasing the pilots licensing fee and removing the ability of the board to set the tariff.

OTHER: As an Alaskan pilot considering entry into the Puget Sound Pilots program I have concerns about this bill. This bill is a disincentive to potential pilots. As a potential pilot approached by several pilot organizations I have concerns about this bill. Currently I have chosen Puget Sound due to the professional interactions with the pilots and the Commission. The choice to become a pilot for women is tough. Increasing the fee could make barriers to entry even higher for women.

The culture has changed significantly. Program gatekeeping responsibilities have been transferred to the Commission. We hope to see many more female pilots join Puget Sound Pilots. The freeze on the tariff would have an impact on safety and efficiency. Tariffs are used and adjusted for training, and maintaining and improving infrastructure. This bill includes a performance audit that is welcomed by the pilots. The Governor's budget included \$1 million for the self-insurance premium. The plaintiff voluntarily removed the pilots from the lawsuit. The road to becoming a pilot is long. Twenty-four pilots have been licensed since the lawsuit.

The Alaskan pilot license fee is a two-year license and it is \$2,500. We want the best pilots in Puget Sound.

Persons Testifying: PRO: Senator Curtis King, Prime Sponsor; Mike Moore, Pacific Merchant Shipping Association.

CON: Gordon Baxter, Int'l. Org. of Masters, Mates and Pilots.

OTHER: Sandra Bendixen, Crowley Maritime; David Melin, Self-employed pilot; Erica Whisenant, Self-employed; Eric Von Brandenfels, President, Puget Sound Pilots; Steve Moreno, Captain, Puget Sound Pilots; Linda Styrk, Executive Director, Puget Sound Pilots; Warren (Bud) Carley, Captain, Puget Sound Pilots; Bruce Wishart, Puget Soundkeeper.

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