

HOUSE BILL REPORT

HB 1773

As Reported by House Committee On:
Transportation

Title: An act relating to the imposition of tolls.

Brief Description: Regarding the imposition of tolls.

Sponsors: Representatives Clibborn and Jarrett.

Brief History:

Committee Activity:

Transportation: 1/30/07, 2/27/07 [DPS].

Brief Summary of Substitute Bill

- Declares the Legislature to be the only entity with the authority to impose tolls on a facility or corridor, unless that authority is otherwise delegated.
- Creates guidelines and requirements that the Washington State Transportation Commission must follow when determining toll rates.
- Requires that toll revenue generated by a particular facility or corridor be spent to improve, preserve, or operate the facility or corridor in which it is collected.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Clibborn, Chair; Flannigan, Vice Chair; Jarrett, Ranking Minority Member; Appleton, Campbell, Dickerson, Eddy, Hankins, Hudgins, Lovick, Rodne, Sells, Springer, B. Sullivan, Takko, Upthegrove, Wallace and Wood.

Minority Report: Do not pass. Signed by 4 members: Representatives Schindler, Assistant Ranking Minority Member; Ericksen, Kristiansen and Simpson.

Staff: David Munnecke (786-7315).

Background:

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 Tacoma Narrows Bridge is scheduled to begin collecting tolls this year, and the SR 167 high-occupancy toll lanes project is scheduled to begin collecting tolls in 2008. In both cases, the Washington State Transportation Commission (Transportation Commission) is responsible for fixing the rates for the tolls, and is empowered to utilize variable or time-of-day pricing in fixing these tolls.

The Transportation Innovative Partnership Act of 2005, SHB 1541, required the Transportation Commission to conduct a statewide tolling feasibility study. The study explored the imposition of tolls on a series of illustrative examples, conducted attitude research regarding tolling with Washington voters, and proposed a series of policies to guide the imposition of tolling throughout the state.

The tolling study's proposed overall direction was that Washington should use tolling to encourage effective use of the transportation system and provide a supplementary source of transportation funding. In addition to policies elaborating on this overall direction, the tolling study also suggested that the Transportation Commission should develop policies and criteria for tolling and set toll rates. The Washington State Department of Transportation (WSDOT) was proposed as the party responsible for planning, developing, operating, and administering toll projects and toll operations. Finally, the study suggested that toll collection systems throughout the state should be simple, unified, interoperable and should avoid the use of toll booths.

Summary of Substitute Bill:

The Legislature is declared to be the only entity with the authority to impose tolls on a facility or corridor, unless that authority is otherwise delegated.

All revenue from a tolled facility or corridor must be used only to improve, preserve, or operate the facility or corridor on or in which it is collected. A facility or corridor is defined as: (a) a bridge, highway, or roadway; (b) a vessel, bus, vehicle, or other conveyance of people or goods; or (c) a system of facilities or corridors as defined by the tolling authority.

Any proposal for the establishment of a tolled facility or corridor must consider the following policy guidelines suggested by the Transportation Commission's tolling study:

- Overall Direction. Washington should use tolling to encourage effective use of the transportation system and provide a supplementary source of transportation funding.
- When to Use Tolling. Tolling should be used when it can be demonstrated to contribute a significant portion of the cost of a project that cannot be funded solely with existing sources or optimize the performance of the transportation system. Such tolling should in all cases be fairly and equitably applied in the context of the statewide transportation system and not have significant adverse impacts through the diversion of traffic to other routes.
- Use of Toll Revenue. Toll revenue should be used only to improve, preserve, or operate the transportation facility, corridor, or operation in which the revenue is collected.

- Setting Toll Rates. Toll rates, which may include variable pricing, should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.
- Duration of Toll Collection. Because transportation infrastructure projects have costs and benefits that extend well beyond those paid for by initial construction funding, tolls should remain in place to fund additional capacity, capital rehabilitation, maintenance, and operations, and to optimize performance of the system.

The Legislature or the Transportation Commission may create a Citizen Advisory Committee (CAC) for any tolled facility or corridor. The nine members of a CAC are appointed by the Governor, and all members must be permanent residents of the affected project area. The CAC serves in an advisory capacity on all matters related to the imposition of tolls. If a CAC is created, a toll charge or variable tolling plan may not be imposed or modified unless the CAC has been given 20 days to review and comment.

The Transportation Commission has the authority to set the toll rates, including variable pricing; collect and remit toll revenues to a toll account or, where specifically authorized, pledge revenues for the repayment of debt or as a capital contribution; and enter into contracts for construction, operations, maintenance, preservation, or other improvements to a tolled facility or corridor.

In determining toll rates, the Transportation Commission is required to consider the policy guidelines suggested by the Transportation Commission's tolling study and established in Section 1 of the act. In determining toll rates, the Transportation Commission must also ensure that the toll rates will generate sufficient revenue to cover operating costs of a facility or corridor, meet obligations for the repayment of debt, and meet any other obligations for a proportionate share of funding for projects or operations in the facility or corridor.

Toll revenues may only be spent to cover operating costs, including maintenance, preservation, administration, and toll enforcement by public law enforcement; meet obligations for the payment of debt; meet any other funding obligations for projects or operations in the facility or corridor; and fund improvements to the facility or corridor.

On all tolling projects, the WSDOT is required to use and administer toll collection systems that are simple, unified, interoperable, and avoid the use of toll booths.

The approval of the Transportation Commission is required before tolls may be imposed by regional transportation investment districts, transportation benefit districts, towns, or cities.

Substitute Bill Compared to Original Bill:

Rather than giving the Transportation Commission the ability to impose tolls, the Legislature is declared to be the only entity with the authority to impose tolls on a facility or corridor, unless that authority is otherwise delegated.

All revenue from a tolled facility or corridor must be used only to improve, preserve, or operate the facility or corridor on or in which it is collected. A facility or corridor is defined

as: (a) a bridge, highway, or roadway; (b) a vessel, bus, vehicle, or other conveyance of people or goods; or (c) a system of facilities or corridors as defined by the tolling authority.

Any proposal for the establishment of a tolled facility or corridor must consider the following policy guidelines suggested by the Transportation Commission's tolling study:

- Overall Direction. Washington should use tolling to encourage effective use of the transportation system and provide a supplementary source of transportation funding.
- When to Use Tolling. Tolling should be used when it can be demonstrated to contribute a significant portion of the cost of a project that cannot be funded solely with existing sources or optimize the performance of the transportation system. Such tolling should in all cases be fairly and equitably applied in the context of the statewide transportation system and not have significant adverse impacts through the diversion of traffic to other routes.
- Use of Toll Revenue. Toll revenue should be used only to improve, preserve, or operate the transportation facility, corridor, or operation in which the revenue is collected.
- Setting Toll Rates. Toll rates, which may include variable pricing, should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.
- Duration of Toll Collection. Because transportation infrastructure projects have costs and benefits that extend well beyond those paid for by initial construction funding, tolls should remain in place to fund additional capacity, capital rehabilitation, maintenance, and operations, and to optimize performance of the system.

A CAC may be created at the direction of the Legislature or the Transportation Commission for any tolled facility or corridor.

The Transportation Commission has the authority to set the toll rates, including variable pricing; collect and remit toll revenues to a toll account or, where specifically authorized, pledge revenues for the repayment of debt or as a capital contribution; and enter into contracts for construction, operations, maintenance, preservation, or other improvements to a tolled facility or corridor.

In determining toll rates, the Transportation Commission is required to consider the policy guidelines established in Section 1 of the act. In determining toll rates, the Transportation Commission must also ensure that the toll rates will generate sufficient revenue to cover operating costs of a facility or corridor, meet obligations for the repayment of debt, and meet any other obligations for a proportionate share of funding for projects or operations in the facility or corridor.

Toll revenues may only be spent to cover operating costs, including maintenance, preservation, administration, and toll enforcement by public law enforcement; meet obligations for the payment of debt; meet any other funding obligations for projects or operations in the facility or corridor; and fund improvements to the facility or corridor.

The requirement that a port district receive Transportation Commission approval before imposing tolls is removed.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

This bill is designed to prepare for next steps. We have a problem with transportation in this state. We treat transportation as a free good, so people will always demand more access to transportation facilities. There is no way to build enough capacity to meet this demand. With tolls, we obtain the funds that we need and reduce demand at the same time. The demand for various transportation options will also be affected in beneficial ways--decreasing the number of vehicles on the roads through the use of transit options.

We need to invest in transportation in this state in order to improve the movement of people and goods. However, it is important that there be due process and communication regarding the imposition and any changes to tolls. There should also be limits on the discretion granted to the Transportation Commission when it comes to tolls.

Persons Testifying: Representative Jarrett; Richard Ford, Washington State Transportation Commission; Amber Carter, Association of Washington Business; and Jeff Doyle, Department of Transportation.

Persons Signed In To Testify But Not Testifying: None.