

HOUSE BILL REPORT

E2SHB 1773

As Amended by the Senate

Title: An act relating to the imposition of tolls.

Brief Description: Concerning the imposition of tolls.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Clibborn and Jarrett).

Brief History:

Committee Activity:

Transportation: 1/28/08 [DP2S].

Floor Activity:

Passed House: 2/15/08, 59-35.

Senate Amended.

Passed Senate: 3/5/08, 29-19.

Brief Summary of Engrossed Second Substitute Bill

- Designates the Legislature as the only entity with the authority to impose tolls on an eligible toll facility, unless that authority is otherwise delegated.
- Requires all revenue from an eligible toll facility to be used only to improve, preserve, maintain, manage or operate the eligible toll facility on or in which it is collected.
- Creates guidelines and requirements that the Washington State Transportation Commission (Transportation Commission) must follow in determining toll rates.
- Requires any other entities seeking to impose tolls to first seek approval from the Legislature for tolls on state routes and from the Transportation Commission for tolls or changes in tolls that impact state routes.
- Requires the Washington State Department of Transportation to use and administer toll collection systems that are simple, unified, interoperable, and avoid the use of toll booths and to set standards for all toll facilities in the state.

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.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 17 members: Representatives Clibborn, Chair; Flannigan, Vice Chair; Appleton, Campbell, Dickerson, Eddy, Hudgins, Loomis, Rolfes, Sells, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 8 members: Representatives Ericksen, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Armstrong, Herrera, Kristiansen, Rodne, Smith and Warnick.

Staff: David Munnecke (786-7315).

Background:

The Tacoma Narrows Bridge began collecting tolls in 2007, and the State Route 167 high-occupancy toll lanes project is scheduled to begin collecting tolls in the spring of 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 general policy regarding tolling was that Washington should use tolling to encourage effective use of the transportation system and to 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 entity 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 Engrossed Second Substitute Bill:

The intent section, in addition to laying out the general approach of the bill, explains the role that the Legislature intends the budget and toll authorization process to play in controlling the expenditure of toll revenues.

A new subchapter is created to clarify that the new sections of the bill regarding the imposition of tolling apply only to projects first authorized after July 1, 2008, and do not apply to the Washington State Ferries system.

The Legislature is designated as the only entity with the authority to impose tolls on an eligible toll facility, which is defined as sections of the state highway system identified by the Legislature, unless that authority is otherwise delegated.

All revenue from an eligible toll facility must be used only to improve, preserve, maintain, manage or operate the eligible toll facility on or in which it is collected. 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 on the eligible toll facility; provide for the operation of conveyances of people or goods; and fund improvements to the eligible toll facility.

Any proposal for the establishment of an eligible toll facility must consider the following modified policy guidelines originally suggested by the Transportation Commission tolling study:

- Overall Direction. Washington should use tolling to encourage effective use of the transportation system and provide a 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. The social, environmental, and economic effects of the tolling should be considered and the tolling should be directed at making progress toward the state's greenhouse gas reduction goals.
- Use of Toll Revenue. Toll revenue should be used only to improve, preserve, manage, or operate the eligible toll facility on or in which the revenue is collected and should encourage the inclusion of recycled and reclaimed construction materials.
- Setting Toll Rates. Toll rates, which may include variable pricing, must be set to meet anticipated funding obligations. To the extent possible, the toll rates 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 may remain in place to fund additional capacity, capital rehabilitation, maintenance and operations, and to optimize performance of the system.

The Transportation Commission may create a tolling advisory committee (TAC) for any eligible toll facility. The nine members of a TAC are appointed by the Transportation Commission, and all members must be permanent residents of the affected project area. The TAC serves in an advisory capacity on all matters related to the imposition of tolls. If a TAC is created, the Transportation Commission must consider its recommendations.

The Transportation Commission is established as the state tolling authority and has the authority to set toll rates, including variable pricing, and review toll operations. In determining toll rates, the Transportation Commission must consider the guidelines established in the act and ensure that the toll rates will generate sufficient revenue to cover operating costs of an eligible toll facility, meet obligations for the repayment of debt, and meet any other obligations for a proportionate share of funding for projects or operations on the eligible toll facility.

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 WSDOT is also required to set standards for all toll facilities in the state.

Cities, towns, and ports are required to get approval from the tolling authority before imposing or changing tolls that would have a significant impact on the operation of a state facility.

Regional transportation improvement districts and transportation benefit districts are required to obtain approval from the Legislature for tolls on state routes and from the tolling authority for tolls or changes in tolls that impact state routes.

The Transportation Innovative Partnership Program is modified to require legislative approval before the imposition of tolls.

A number of changes to other existing statutes are made in order to insure consistency with the intent of the bill and current practices related to the operation and authority of the Transportation Commission and the WSDOT.

A toll collection account is created to contain prepaid customer tolls prior to the utilization of the funds to pay for tolls on a particular facility.

EFFECT OF SENATE AMENDMENT(S):

- Adds a definition of toll revenue and revenue from a tolled facility that includes toll receipts, interest income derived from the investment of toll receipts, and any gifts, grants, or other funds received for the benefit of a toll facility.
- Redesignates the Toll Collection Account as a nonappropriated account.
- Adds an emergency clause applicable only to the sections of the bill related to the creation of the Toll Collection Account.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is needed in order to meet the state's obligations under the Urban Partnership Agreement with the federal government.

The potential to fund transit out of tolls is an important aspect of the bill, and is something that is already done in San Francisco and New York. The use of toll revenues to fund transit would need to be determined on a project by project basis, and only be used when it facilitates the operation of the facility by increasing its capacity. Polling suggests that support for tolling increases when the revenue is used for mass transit.

Public transit is an important partner in the transportation system. There should not be a cap on the amount of toll revenue that can be spent on mass transit. The fact that it is not generally exempted from tolls is a problem that will grow, and is contrary to general practice in the United States. The proposed tolls on the State Route 520 bridge could cost King County Transit over \$600,000, and the demand for public transit will grow significantly once the tolls are imposed.

The bill should contain both short-term and long-term goals for the use of tolling. Tolling should be used to manage the current transportation system and optimize its performance. Half of the carbon dioxide emissions in Washington come from transportation, and this bill could do something to reduce these emissions.

Tolling is a necessary part of transportation funding, and it has a long history in the state. The freeways interrupted the use of tolling, but tolling needs to be used again. The Tacoma Narrows Bridge was brought in on time and under budget by a private sector team, and we need to continue using the private sector, both for construction and finance.

(Opposed) This is a new way for the government to get more money. The government should spend the money that it already gets more efficiently, since people cannot afford to pay any more than they already do.

Persons Testifying: (In support) Craig Stone, Washington State Department of Transportation; Harold Taniguchi, King County Department of Transportation; Richard Ford, Washington State Transportation Commission; Ashley Probart, Association of Washington Cities; Steve Rodriguez; Genesee Adkins, Transportation Choices Coalition; Peter Thein, Washington State Transit Association; Mike O'Brien, Sierra Club; Dave Overstreet, AAA Washington; and Bill LaBorde, Environment Washington.

(Opposed) Paul W. Locke.

Persons Signed In To Testify But Not Testifying: None.