
Transportation Committee

HB 2990

Brief Description: Concerning the Tacoma Narrows bridge debt service payment plan.

Sponsors: Representatives Fey, Young and Muri.

Brief Summary of Bill

- Establishes legislative intent to authorize a series of biennial loans totaling approximately \$85 million to the Tacoma Narrows Bridge (TNB) account for fiscal biennia 2019-21 through 2029-31.
- Directs the Washington State Transportation Commission to submit an annual report with sufficient information to allow the Legislature to determine an adequate loan amount that would be required for each fiscal biennium to maintain tolls at no more than 25 cents higher than the TNB toll rates effective in 2018.

Hearing Date: 2/20/18

Staff: Patricia Hasan (786-7292).

Background:

Tacoma Narrows Bridge Finance History.

The eastbound Tacoma Narrows Bridge (TNB) opened to traffic in July 2007 as a toll bridge. The bridge cost \$786 million to complete—approximately \$57.6 million of which was construction sales tax—and was funded by selling general obligation bonds that were backed by the Motor Vehicle Account and the full faith and credit of the state of Washington. Toll revenue is used to repay the debt service and sales tax of the construction. Toll rates are set by the Washington State Transportation Commission (Commission) and currently may only be collected on the TNB until the debt service and deferred sales tax is paid in full.

The bridge was financed with an escalating debt structure, resulting in multiple toll rate increases over the years as debt payments have increased. At the current trajectory, another rate increase

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would likely be needed in fiscal year 2020. Over the life of the bridge, the Legislature has adjusted the funding scheme in the following ways:

- 2006—transfer of \$1.3 million from the multimodal Transportation Account to allow a lower toll rate for users with a transponder;
- 2007—loan of \$5.3 million, scheduled to be fully repaid using civil penalty revenue by the 2023-25 biennium;
- 2012—deferral of the \$57.6 million repayment of the sales tax for construction of the bridge until fiscal year 2032 after the debt service is fully paid;
- 2016—transfer of \$2.5 million from the Motor Vehicle Account to the TNB account to avoid a toll rate increase in fiscal year 2017; and
- 2017—approval of a \$5 million loan from the Motor Vehicle Account to occur in April 2019 and to be repaid in full in November 2019 to avoid a toll rate increase in fiscal year 2019.

Refinance Workgroup.

In the 2017 legislative session, the Transportation Budget included direction to the Commission to convene a refinance workgroup for the TNB. The workgroup was tasked with reviewing and providing recommendations on various scenarios for future toll payer relief. The workgroup's preferred policy solution was to transfer \$125 million of non-toll state funding into the TNB account to offset future debt service payment increases, allocated across the remaining years of tolling at levels that would avoid any toll rate increases over current levels.

Summary of Bill:

Legislative intent is established regarding inequity in the debt financing structure for the TNB compared to other tolled facilities in the state. Legislative intent is established to provide state contribution loans for each fiscal biennium through the life of the debt service plan of up to a total of \$85 million that is to be repaid to the state after the debt service and deferred sales taxes are fully repaid.

Legislative intent is established to direct the Commission to:

- maintain tolls at no more than the toll rates effective at the fiscal year 2018 level until fiscal year 2022; and
- maintain tolls at no more than 25 cents higher than the toll rates effective at the fiscal year 2018 level beginning in fiscal year 2022 until such time as the debt service, deferred sales tax obligation, and any state contribution loans are repaid in full.

Legislative intent is established to authorize the Office of the State Treasurer to make state contribution loan transfers to the TNB account at the beginning of each fiscal biennium in amounts necessary to ensure that debt service payments are made in full after toll revenue from the TNB is applied to the debt payment amounts.

The Commission is required to submit to the Legislature:

- through 2031, annual reports with sufficient information to enable the Legislature to determine adequate amounts of state contribution loans necessary for each fiscal biennium; and

- beginning in 2031 until the state contribution loans are repaid, annual reports with information detailing the annual expected toll revenue from the TNB that will be used to repay the state contribution loans.

Repayment of state contribution loans is added to the list of obligations that must be met before tolling may be removed from the TNB.

Appropriation: None.

Fiscal Note: Requested on February 14, 2018.

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