
Transportation Committee

ESSB 5819

Brief Description: Concerning the board of pilotage commissioners.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators King and Hobbs).

Brief Summary of Engrossed Substitute Bill

- Freezes pilotage tariff rates until July 1, 2023.
- Requires the Board of Pilotage Commissioners (BOPC) to deposit the first \$400,000 collected through the Puget Sound Pilotage District tariff annually in the Pilotage Account be used for self-insurance premiums until July 1, 2023.
- Requires the BOPC to impose a \$16 surcharge per pilotage assignment to be deposited in the Pilotage Account and used for self-insurance premium payments until July 1, 2023.
- Modifies the Pilotage Account to be an appropriated account, making the BOPC an appropriated agency.
- Requires the Joint Legislative Audit and Review Committee to conduct a performance audit of the BOPC.

Hearing Date: 4/10/17

Staff: Jennifer Harris (786-7143).

Background:

Board of Pilotage Commissioners.

The Board of Pilotage Commissioners (BOPC) is comprised of a chairperson, who is either the Assistant Secretary of Marine Operations of the Washington State Department of Transportation (WSDOT) or the Assistant Secretary's designee and an employee of the WSDOT's marine division; the Director of the Department of Ecology or the Director's designee; and seven other

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members appointed by the Governor and confirmed by the Senate. Each appointed member is appointed for a term of four years. Two appointed commissioners must be pilots; two must be actively engaged in the ownership, operation, or management of vessels; one must be a representative from an environmental organization concerned with marine waters; and the remaining two must have broad experience related to the maritime industry other than as a pilot or a shipping representative.

The BOPC is responsible for: (1) issuing training licenses and pilot licenses to pilot applicants; (2) maintaining a comprehensive training and evaluation program for pilot applicants; (3) overseeing additional training requirements, including for continuing education; (4) maintaining a register of pilots, records of pilot accidents, and other pertinent information; (5) determining the number of licensed pilots needed; (6) annually setting pilotage tariffs; (7) filing an annual report with the chairs of the transportation committees of the Legislature and with the Governor; and (8) providing for the maintenance of pilotage services on all waters where it is required.

Pilotage Tariffs and Fees.

Vessels operating in the Puget Sound or Grays Harbor pilotage districts are subject to compulsory pilotage unless they qualify for an exemption. Compulsory pilotage requires a vessel to employ a licensed pilot while navigating the Puget Sound and Grays Harbor pilotage districts. Pilotage tariffs and fees are set annually by the BOPC by administrative rule. There are two pilotage districts designated by state law: the Puget Sound Pilotage District and the Gray's Harbor Pilotage District.

Pilotage rates for the Puget Sound Pilotage District are set based on ship length and distance traveled, as well as on tonnage; additional fixed fees are charged for various services, including boarding charges, waterway and bridge charges, and docking delays. Pilotage rates for the Grays Harbor Pilotage District are set based on vessel draft (a measure of vessel size) and tonnage for each vessel's inbound and outbound movement; additional fixed fees are charged for various services, including boarding charges, harbor shifts, and an additional fee when two pilots are required.

Pilot Licensing Fees.

Pilots are required to be licensed by the state and to pay an annual licensing fee. This fee has been prohibited from being increased by the BOPC since June 30, 2011. It is currently set by administrative rule at \$6,500.

Annual Reporting.

The annual report provided by the BOPC to the chairs of the transportation committees of the Legislature and the Governor is required to include detailed information regarding the pilots and trainees used by pilotage districts, applicants, pilot assignments, pilot annual earnings, expenses of private pilot associations, the status of pilotage tariffs, incidents reported to or investigated by the BOPC, expenses of the BOPC, and other relevant information.

Pilotage Account.

The Pilotage Account (Account) is a non-appropriated account; money deposited in it does not require an appropriation to be spent. Expenditures in the Account may only be used by the BOPC for the purpose of carrying out state pilotage law. Only the BOPC or the BOPC's designee may authorize expenditures from the Account.

Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee (JLARC) consists of eight Senators and eight Representatives from the Legislature. The JLARC is authorized to conduct performance audits as directed by the Legislature that may include: examination of costs and benefits of agency programs, functions, and activities; identification of alternatives for reducing costs or improving service delivery; identification of gaps and overlaps in service delivery, and possible corrective action; and comparisons to other state agencies that perform similar functions.

Summary of Bill:

Pilotage Tariffs and Fees.

The BOPC is not permitted to increase pilotage tariff rates in effect as of January 1, 2017, until July 1, 2023. The BOPC is required to deposit the first \$400,000 collected through the Puget Sound Pilotage District tariff each year to the Pilotage Account solely to pay its self-insurance premium until July 1, 2023.

The BOPC is required to impose a \$16 surcharge per pilotage assignment until July 1, 2023, which must be deposited in the Pilotage Account and used for self-insurance premium payments.

Pilot Licensing Fees.

Pilot licensing fees may be increased by the BOPC by administrative rule.

Report to the Legislature.

The due date for annual reports is set to September 1 of each calendar year, beginning in 2017.

Pilotage Account.

The Pilotage Account is modified to be an appropriated account, making the BOPC an appropriated agency by permitting money in the Account only to be expended after it has been appropriated.

Performance Audit.

The JLARC is required to conduct a performance audit of the BOPC. The audit must evaluate: (1) compliance with statutory reporting requirements; (2) the composition of pilotage fees, how fees are developed, and the relationship between fees, pilotage tariffs, and pilotage district expenditures; (3) the structure of other state pilotage fees, training, and licensing; (4) the diversity of pilot applicants and of the training program; and (5) the composition and size of the

BOPC. The JLARC must provide the results of this audit to the transportation committees of the Legislature and to the Office of Financial Management by December 31, 2018.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 7, 2017.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2017.