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HOUSE BILL 2983

State of Washington

65th Legislature

2018 Regular Session

By Representative Clibborn

- AN ACT Relating to the establishment of a new marine pilotage tariff setting process; amending RCW 88.16.035, 88.16.070, 88.16.120, and 88.16.130; reenacting and amending RCW 43.84.092; adding a new section to chapter 88.16 RCW; adding a new chapter to Title 81 RCW; creating a new section; and providing an effective date.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. Sec. 1. A new section is added to chapter 88.16 RCW to read as follows:
 - (1) The utilities and transportation commission shall under sections 6 through 11 of this act periodically, but not more frequently than annually, establish the pilotage tariffs for pilotage services provided under this chapter: PROVIDED, That the utilities and transportation commission may establish extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the commission: PROVIDED FURTHER, That as an element of the Puget Sound pilotage district tariff, the utilities and transportation commission may consider pilot retirement expenses incurred in the prior year in either

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- pilotage district. However, under no circumstances shall the state be obligated to fund or pay for any portion of retirement payments for pilots or retired pilots.
- 4 (2) By December 1, 2018, the utilities and transportation 5 commission shall submit to the transportation committees of the 6 legislature any additional statutory changes necessary to implement 7 this act.
- 8 (3) By July 1, 2020, the utilities and transportation commission 9 shall provide a report to the governor and the transportation 10 committees of the legislature regarding matters pertaining to 11 establishing tariffs under this section that includes a comparison of 12 the process and outcomes in relation to the recommendations made in 13 the January 2018 joint transportation committee Washington state 14 pilotage final report and recommendations.
- 15 **Sec. 2.** RCW 88.16.035 and 2009 c 496 s 1 are each amended to 16 read as follows:
 - (1) The board of pilotage commissioners shall:

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- 18 (a) Adopt rules, pursuant to chapter 34.05 RCW, necessary for the enforcement and administration of this chapter;
 - (b)(i) Issue training licenses and pilot licenses to pilot applicants meeting the qualifications provided for in RCW 88.16.090 and such additional qualifications as may be determined by the board;
- (ii) Establish a comprehensive training program to assist in the training and evaluation of pilot applicants before final licensing; and
 - (iii) Establish additional training requirements, including a program of continuing education developed after consultation with pilot organizations, including those located within the state of Washington, as required to maintain a competent pilotage service;
- 30 (c) Maintain a register of pilots, records of pilot accidents, 31 and other history pertinent to pilotage;
- 32 (d) Determine from time to time the number of pilots necessary to 33 be licensed in each district of the state to optimize the operation 34 of a safe, fully regulated, efficient, and competent pilotage service 35 in each district;
 - (e) ((Annually fix the pilotage tariffs for pilotage services provided under this chapter: PROVIDED, That the board may fix extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port

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where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the board:

PROVIDED FURTHER, That as an element of the Puget Sound pilotage district tariff, the board may consider pilot retirement plan expenses incurred in the prior year in either pilotage district.

However, under no circumstances shall the state be obligated to fund or pay for any portion of retirement payments for pilots or retired pilots)) Provide assistance to the utilities and transportation commission, as requested by the utilities and transportation under sections 6 through 11 of this act;

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(f) File annually with the governor and the chairs of the transportation committees of the senate and house of representatives a report which includes, but is not limited to, the following: The number, names, ages, pilot license number, training license number, and years of service as a Washington licensed pilot of any person licensed by the board as a Washington state pilot or trainee; the names, employment, and other information of the members of the board; the total number of pilotage assignments by pilotage district, including information concerning the various types and sizes of vessels and the total annual tonnage; the annual earnings or stipends of individual pilots and trainees before and after deduction for expenses of pilot organizations, including extra compensation as a separate category; the annual expenses of private pilot associations, including personnel employed and capital expenditures; the status of pilotage tariffs, extra compensation, and travel; the retirement contributions paid to pilots and the disposition thereof; the number of groundings, marine occurrences, or other incidents which are reported to or investigated by the board, and which are determined to be accidents, as defined by the board, including the vessel name, location of incident, pilot's or trainee's name, and disposition of the case together with information received before the board acted from all persons concerned, including the United States coast guard; the names, qualifications, time scheduled for examinations, and the district of persons desiring to apply for Washington state pilotage licenses; summaries of dispatch records, quarterly reports from pilots, and the bylaws and operating rules of pilotage organizations; the names, sizes in deadweight tons, surcharges, if any, port of call, name of the pilot or trainee, and names and horsepower of tug

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boats for any and all oil tankers subject to the provisions of RCW 88.16.190 together with the names of any and all vessels for which the United States coast guard requires special handling pursuant to their authority under the Ports and Waterways Safety Act of 1972; the expenses of the board; and any and all other information which the board deems appropriate to include;

- (g) Make available information that includes the pilotage act and other statutes of Washington state and the federal government that affect pilotage, including the rules of the board, together with such additional information as may be informative for pilots, agents, owners, operators, and masters;
- (h) Appoint advisory committees and employ marine experts as necessary to carry out its duties under this chapter;
 - (i) Provide for the maintenance of efficient and competent pilotage service on all waters covered by this chapter; and do such other things as are reasonable, necessary, and expedient to insure proper and safe pilotage upon the waters covered by this chapter and facilitate the efficient administration of this chapter.
- 19 (2) The board may pay stipends to pilot trainees under subsection 20 (1)(b) of this section.
- **Sec. 3.** RCW 88.16.070 and 2017 c 88 s 1 are each amended to read 22 as follows:
 - Every vessel not exempt under this section that operates in the waters of the Puget Sound pilotage district or Grays Harbor pilotage district is subject to compulsory pilotage under this chapter.
 - (1) A United States vessel on a voyage in which it is operating exclusively on its coastwise endorsement, its fishery endorsement (including catching and processing its own catch outside United States waters and economic zone for delivery in the United States), and/or its recreational (or pleasure) endorsement, and all United States and Canadian vessels engaged exclusively in the coasting trade on the west coast of the continental United States (including Alaska) and/or British Columbia shall be exempt from the provisions of this chapter unless a pilot licensed under this chapter be actually employed, in which case the pilotage rates provided for in this chapter or established under sections 6 through 11 of this act shall apply.
- 38 (2) The board may, upon the written petition of any interested 39 party, and upon notice and opportunity for hearing, grant an

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exemption from the provisions of this chapter to any vessel that the board finds is (a) a small passenger vessel that is not more than one thousand three hundred gross tons (international), does not exceed two hundred feet in overall length, is manned by United Stateslicensed deck and engine officers appropriate to the size of the vessel with merchant mariner credentials issued by the United States coast quard or Canadian deck and engine officers with Canadian-issued certificates of competency appropriate to the size of the vessel, and is operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia, or (b) a yacht that is not more than one thousand three hundred gross tons (international) and does not exceed two hundred feet in overall length. Such an exemption shall not be detrimental to the public interest in regard to safe operation preventing loss of human lives, loss of property, and protecting the marine environment of the state of Washington. Such petition shall set out the general description of the vessel, the contemplated use of same, the proposed area of operation, and the name and address of the vessel's owner. The board shall annually, or at any other time when in the public interest, review any exemptions granted to this specified class of small vessels to insure that each exempted vessel remains in compliance with the original exemption. The board shall have the authority to revoke such exemption where is not continued compliance with the requirements for exemption. The board shall maintain a file which shall include all petitions for exemption, a roster of vessels granted exemption, and the board's written decisions which shall set forth the findings for grants of exemption. Each applicant for exemption or annual renewal shall pay a fee, payable to the pilotage account. Fees for initial applications and for renewals shall be established by rule, and shall not exceed one thousand five hundred dollars. The board shall report annually to the legislature on such exemptions.

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(3) Every vessel not exempt under subsection (1) or (2) of this section shall, while navigating the Puget Sound and Grays Harbor pilotage districts, employ a pilot licensed under the provisions of this chapter and shall be liable for and pay pilotage rates in accordance with the pilotage rates herein established or which may hereafter be established under the provisions of this chapter or under sections 6 through 11 of this act: PROVIDED, That any vessel inbound to or outbound from Canadian ports is exempt from the provisions of this section, if said vessel actually employs a pilot

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licensed by the Pacific pilotage authority (the pilot licensing 1 authority for the western district of Canada), and if 2 3 communicating with the vessel traffic system and has appropriate navigational charts, and if said vessel uses only those waters east 4 of the international boundary line which are west of a line which 5 б begins at the southwestern edge of Point Roberts then to Alden Point 7 (Patos Island), then to Skipjack Island light, then to Turn Point (Stuart Island), then to Kellet Bluff (Henry Island), then to Lime 8 Kiln (San Juan Island) then to the intersection of one hundred 9 twenty-three degrees seven minutes west longitude and forty-eight 10 11 degrees twenty-five minutes north latitude then to the international 12 boundary. The board shall correspond with the Pacific pilotage authority from time to time to ensure the provisions of this section 13 are enforced. If any exempted vessel does not comply with these 14 provisions it shall be deemed to be in violation of this section and 15 subject to the penalties provided in RCW 88.16.150 as now 16 17 hereafter amended and liable to pilotage fees as determined by the 18 board. The board shall investigate any accident on the waters covered 19 by this chapter involving a Canadian pilot and shall include the 20 results in its annual report.

21 **Sec. 4.** RCW 88.16.120 and 1987 c 485 s 4 are each amended to 22 read as follows:

No pilot shall charge, collect or receive and no person, firm, 23 24 corporation or association shall pay for pilotage or other services 25 performed hereunder any greater, less or different amount, directly 26 or indirectly, than the rates or charges herein established or 27 ((which may be hereafter fixed)) subsequently established by the utilities and transportation commission under sections 6 through 11 28 of this act and by the board ((pursuant to)) under this chapter. Any 29 30 pilot, person, firm, corporation or association violating the 31 provisions of this section shall be guilty of a misdemeanor and shall be punished pursuant to RCW 88.16.150 as now or hereafter amended, 32 said prosecution to be conducted by the attorney general or the 33 prosecuting attorney of any county wherein the offense or any part 34 thereof was committed. 35

36 **Sec. 5.** RCW 88.16.130 and 2013 c 23 s 533 are each amended to read as follows:

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1 Any person not holding a license as pilot under the provisions of 2 this chapter who pilots any vessel subject to the provisions of this chapter on waters covered by this chapter shall pay to the board the 3 pilotage rates ((payable)) established by the utilities and 4 transportation commission under sections 6 through 11 of this act and 5 6 any applicable fees established by the board under ((the provisions 7 of)) this chapter. Any master or owner of a vessel required to employ a pilot licensed under the provisions of this chapter who refuses to 8 do so when such a pilot is available shall be punished pursuant to 9 RCW 88.16.150 as now or hereafter amended and shall be imprisoned in 10 11 the county jail of the county wherein he or she is so convicted until said fine and the costs of his or her prosecution are paid. 12

- NEW SECTION. Sec. 6. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 16 (1) "Board" means the board of pilotage commissioners.

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- 17 (2) "Commission" means the utilities and transportation 18 commission.
 - (3) "Person with a substantial interest" means: (a) A pilot or group of pilots licensed under chapter 88.16 RCW; (b) a vessel operator or other person utilizing the services of a licensed pilot and paying pilotage fees and charges for such services or an organization representing such vessel operators or persons; or (c) any other person or business that can show that the requested tariff changes would be likely to have a substantial economic impact on its operations.
- NEW SECTION. Sec. 7. (1) The commission shall establish in tariffs the rates for pilotage services provided under chapter 88.16 RCW.
- 30 (2) The commission shall maintain a list of persons who have 31 indicated to the commission a desire to be notified of any potential 32 change in pilotage tariffs and in any proposed rules regarding the 33 setting of pilotage tariffs.
 - (3) The commission shall ensure that the tariffs provide rates that are fair, just, reasonable, and sufficient, considering the infrastructure and equipment assets, the nature of business operations, safety equipment and training, and investments necessary

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1 to maintain efficient, safe, and competent pilotage service and
2 operations.

- (4) In setting tariffs, the commission may fix extra compensation 3 for extra services to vessels in distress, for awaiting vessels, for 4 all vessels in direct transit to or from a Canadian port where Puget 5 6 Sound pilotage is required for a portion of the voyage, or for being 7 carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the board. As an element of 8 the Puget Sound pilotage district tariff, the commission may consider 9 pilot retirement expenses incurred in the prior year in either 10 pilotage district. However, under no circumstances shall the state be 11 12 obligated to fund or pay for any portion of retirement payments for pilots or retired pilots. 13
 - (5) In exercising duties under this section, the commission may:
- 15 (a) Request assistance from the board;

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- 16 (b) Assign an administrative law judge to handle the proceeding 17 and prepare an initial order, which the commission may review 18 pursuant to RCW 34.05.464, or assign an administrative law judge as a 19 facilitator for settlement purposes; and
- 20 (c) Adopt rules or issue orders to implement the provisions of 21 this act.
- NEW SECTION. Sec. 8. (1) Any person with a substantial interest may file with the commission a revised tariff with an effective date no earlier than thirty days from the date of filing.
 - (2) The proposed tariff must be accompanied by:
- 26 (a) The names and contact information of the person or persons 27 requesting the tariff revision;
 - (b) A description of why the existing tariffs are not fair, just, reasonable, and sufficient, along with financial information to demonstrate a need for the tariff revision and information addressing the criteria for approval of tariff revisions set forth in section 7(3) of this act;
- 33 (c) If the petitioner proposes a tariff with an annual or 34 periodic adjustment mechanism, information justifying such a 35 mechanism; and
- 36 (d) Any other information required by the commission by rule or 37 by order.
- 38 (3) After receipt of a proper petition, the commission shall give 39 notice of the petition to interested persons that have stated a

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- desire to be notified pursuant to section 7(2) of this act. Any person with a substantial interest in the proposed tariff revision may submit comments in support or opposition of the petition within twenty days of the notice.
- 5 (4) The filed tariff shall take effect on its stated effective 6 date unless, within thirty days of filing of the tariff, the 7 commission suspends it. The commission may suspend the tariff for a 8 period not exceeding ten months from the time the change would 9 otherwise go into effect. During that time, the commission may set 10 the matter for a hearing pursuant to chapter 34.05 RCW or set the 11 matter for consideration at a subsequent open public meeting.
- 12 (5) The burden of proof to show that the tariff rates are not 13 fair, just, reasonable, and sufficient is upon the person with a 14 substantial interest that files the revised tariff.
- NEW SECTION. Sec. 9. The commission shall encourage alternative forms of dispute resolution to resolve disputes between an association or group of pilots and any other person regarding matters covered by this chapter.
- NEW SECTION. Sec. 10. The tariffs established by the board prior to the effective date of this section shall remain in effect and be deemed pilotage tariffs set by the commission until such time as they are changed by the commission pursuant to this chapter.
- NEW SECTION. Sec. 11. The commission may include as part of the tariff for pilotage services provided under chapter 88.16 RCW reasonable costs for the setting of tariff rates under this chapter. The costs of the commission included as part of the tariff must be appropriated from the marine pilotage tariff setting account in section 12 of this act.
- NEW SECTION. Sec. 12. The marine pilotage tariff setting account is created in the state treasury. All receipts designated, credited, or transferred to the marine pilotage tariff setting account must be deposited in the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used for the purposes of the commission for pilotage tariff setting, as prescribed under this chapter.

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- (1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.
- (2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.
- (3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.
- (4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:
- (a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund

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1 account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the 2 Cedar River channel construction and operation account, the Central 3 Washington University capital projects account, the charitable, 4 educational, penal and reformatory institutions account, the Chehalis 5 6 basin account, the cleanup settlement account, the Columbia river 7 basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river 8 basin water supply revenue recovery account, the common school 9 construction fund, the community forest trust account, the connecting 10 11 Washington account, the county arterial preservation account, the 12 county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, 13 14 the department of licensing services account, the department of retirement systems expense account, the developmental disabilities 15 16 community trust account, the diesel idle reduction account, the 17 drinking water assistance account, the drinking water assistance administrative account, the early learning facilities development 18 account, the early learning facilities revolving account, the Eastern 19 Washington University capital projects account, the Interstate 405 20 express toll lanes operations account, the education construction 21 22 fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom 23 24 account, the energy recovery act account, the essential 25 assistance account, The Evergreen State College capital projects 26 account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight 27 28 mobility multimodal account, the grade crossing protective fund, the 29 public health services account, the high capacity transportation account, the state higher education construction account, the higher 30 31 education construction account, the highway bond retirement fund, the 32 highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net 33 assessment fund, the industrial insurance premium refund account, the 34 judges' retirement account, the judicial retirement administrative 35 36 account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax 37 account, the local sales and use tax account, the marine pilotage 38 39 tariff setting account, the marine resources stewardship trust 40 account, the medical aid account, the mobile home park relocation

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1 fund, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor 2 3 vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the 4 municipal criminal justice assistance account, the natural resources 5 6 deposit account, the oyster reserve land account, the pension funding 7 stabilization account, the perpetual surveillance and maintenance account, the pollution liability insurance agency underground storage 8 tank revolving account, the public employees' retirement system plan 9 1 account, the public employees' retirement system combined plan 2 10 11 and plan 3 account, the public facilities construction loan revolving 12 account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital 13 14 construction account, the Puget Sound ferry operations account, the Puget Sound taxpayer accountability account, the real estate 15 16 appraiser commission account, the recreational vehicle account, the 17 regional mobility grant program account, the resource management cost 18 account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault 19 prevention and response account, the site closure account, the 20 21 skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the 22 special wildlife account, the state employees' insurance account, the 23 24 state employees' insurance reserve account, the state investment 25 board expense account, the state investment board commingled trust 26 fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 27 28 corridor account, the state wildlife account, the supplemental 29 pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement 30 31 system combined plan 2 and plan 3 account, the tobacco prevention and 32 control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel 33 account), the transportation equipment fund, the transportation 34 35 future funding program account, the transportation improvement 36 account, the transportation improvement board bond retirement account, the transportation infrastructure account, 37 transportation partnership account, the traumatic brain 38 39 account, the tuition recovery trust fund, the University 40 Washington bond retirement fund, the University of Washington

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building account, the volunteer firefighters' and reserve officers' 1 relief and pension principal fund, the volunteer firefighters' and 2 reserve officers' administrative fund, the Washington judicial 3 retirement system account, the Washington law enforcement officers' 4 and firefighters' system plan 1 retirement account, the Washington 5 law enforcement officers' and firefighters' system plan 2 retirement б 7 account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined 8 plan 2 and 3 account, the Washington state health insurance pool 9 account, the Washington state patrol retirement account, the 10 11 Washington State University building account, the Washington State 12 University bond retirement fund, the water pollution control revolving administration account, the water pollution control 13 revolving fund, the Western Washington University capital projects 14 account, the Yakima integrated plan implementation account, the 15 16 Yakima integrated plan implementation revenue recovery account, and 17 Yakima integrated plan implementation taxable bond account. 18 Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent 19 common school fund, the scientific permanent fund, the state 20 21 university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts. 22

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

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- 29 (5) In conformance with Article II, section 37 of the state 30 Constitution, no treasury accounts or funds shall be allocated 31 earnings without the specific affirmative directive of this section.
- NEW SECTION. Sec. 14. Sections 6 through 12 of this act constitute a new chapter in Title 81 RCW.
- NEW SECTION. Sec. 15. To ensure that this act is implemented in a timely manner, the utilities and transportation commission may adopt rules under section 7 of this act prior to July 1, 2019.

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- 1 <u>NEW SECTION.</u> **Sec. 16.** Except for section 15 of this act, this
- 2 act takes effect July 1, 2019.

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