
Transportation Committee

HB 2127

Brief Description: Addressing the Tacoma Narrows bridge toll debt.

Sponsors: Representative Young.

Brief Summary of Bill

- Converts the corrective funding loans to offset future debt service payment increases to maintain toll rates at fiscal year 2018 levels for the Tacoma Narrows Bridge Toll project into permanent state grants.
- Transfers up to \$85 million to the from the General Fund Account to the Tacoma Narrows Toll Bridge Account through the life of the debt service plan with no expectation of repayment.
- Eliminates the annual reporting requirement on the status of the revenues to be used for loan repayments.

Hearing Date: 2/28/22

Staff: Christine Thomas (786-7142).

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 approximately \$786 million to complete of which \$57.6 million 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.

The bridge was financed with an escalating debt structure, resulting in multiple toll rate increases

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over the years as debt payments have increased. 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 (FY) 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 FY 2017;
- 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;
- 2018 — declaration of legislative intent in Substitute House Bill 2990, to provide a series of loans up to \$85 million to keep TNB toll rates at no more than 25 cents higher than 2018 rates—\$43 million of this amount has been, or is appropriated to be, transferred to the TNB account by 2023; and
- 2019 — loan of \$5 million to maintain minimum fund balance, paid back in 2020.

Current Toll Rates.

As of October 1, 2021, rates on the TNB are 25 cents higher than in 2018. Current rates are \$5.25 with a Good to Go! Pass, \$6.25 with cash, and \$7.25 with pay -by -mail for a two-axle vehicle. Toll rates are set by the Washington State Transportation Commission (Commission) and currently may be collected on the TNB only until the debt service, deferred sales tax, and loans from the Motor Vehicle Account are paid in full.

The Commission Reporting Requirements.

The Commission is required to submit to the Legislature:

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

Summary of Bill:

The Legislature intends that current toll revenues are sufficient to convert the corrective funding measures enacted in 2018 to permanent state grants to bring further stability to the TNB rate setting and to offset the tolling revenue impacts of the COVID-19 pandemic. The Legislature also intends that state appropriations or transfers of up to \$85 million are made from other accounts to the TNB Toll Account without expectation of repayment. The Commission is no longer required to make annual reports on the TNB toll revenues to the Legislature.

Appropriation: None.

Fiscal Note: Not requested.

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