

HOUSE BILL REPORT

SSB 5488

As Passed House - Amended:

March 8, 2022

Title: An act relating to state contributions in support of the Tacoma Narrows toll bridge.

Brief Description: Concerning state contributions in support of the Tacoma Narrows toll bridge.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Randall, Rolfes, Billig, Dhingra, Nobles, Van De Wege and Wilson, C.).

Brief History:

Committee Activity:

Transportation: 2/28/22, 3/5/22 [DPA].

Floor Activity:

Passed House: 3/8/22, 58-39.

Brief Summary of Substitute Bill (As Amended by House)

- Requires the State Treasurer to make quarterly transfers of \$3.25 million from the State General Fund to the Tacoma Narrows Toll Bridge Account beginning in September 2022 and ending in June 2032, for a total of \$130 million.
- Modifies the legislative intent of the state contribution loans to the Tacoma Narrows Toll Bridge Account initiated in 2018 to convey that the Legislature intends that the Washington State Transportation Commission will adjust tolls in consideration of the state contributions and the costs relating to debt service, operations and maintenance, insurance, and repayment of the Motor Vehicle Fund.

HOUSE COMMITTEE ON TRANSPORTATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass as amended. Signed by 19 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Berry, Chapman, Dent, Donaghy, Duerr, Entenman, Griffey, Hackney, Paul, Ramel, Riccelli, Slatter, Taylor, Valdez and Wicks.

Minority Report: Do not pass. Signed by 5 members: Representatives Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Goehner, Klicker and McCaslin.

Minority Report: Without recommendation. Signed by 3 members: Representatives Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Orcutt.

Staff: Mark Matteson (786-7145).

Background:

The Washington State Transportation Commission (Commission) is a seven-member body of citizens appointed by the Governor for six-year terms. The Commission provides an open public forum for transportation policy development. It reviews and assesses how the transportation system works across the state and issues the state's 20-year Transportation Plan. In 2002 the Commission was authorized to act as the state tolling authority for the purposes of establishing tolls on authorized facilities.

In the same act that authorized the Commission as the state tolling authority, the Legislature authorized the construction and state financing of the eastbound Tacoma Narrows Bridge (Bridge) and created the Tacoma Narrows Toll Bridge Account. The Bridge was constructed over several years and opened to traffic in July 2007 as a toll bridge. The Bridge cost \$735 million to complete 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. Tolls have been collected on the Bridge since its opening and must be imposed by the Commission in amounts sufficient to cover annual operating and maintenance expenses, insurance, the costs of the debt service, and amounts necessary to repay the Motor Vehicle Fund for \$5.3 million of initial operating expenses when the Bridge opened. Tolls are deposited to the Tacoma Narrows Toll Bridge Account.

To reduce the operating costs on the Bridge, the Legislature enacted a deferral of the payment of sales taxes associated with the construction of the Bridge and has extended the deferral period twice. Sales taxes must be repaid in 10 equal installments, beginning the twenty-fourth year (fiscal year 2032) after the Bridge was operationally complete.

In the 2017-19 Transportation biennial budget, the Legislature directed the Commission to form a work group to study the need for long-term toll payer relief from increasing toll rates on the Bridge. The work group recommended the provision of up to \$125 million in state funding to offset future debt service payment increases, allocated across the remaining years of tolling at levels that would maintain the toll rates in effect during fiscal year 2018. In the

2018 legislative session, the Legislature enacted legislation signifying its intent to provide \$85 million in state contribution loans from other accounts to the Tacoma Narrows Toll Bridge Account through the life of the debt service, in order to maintain tolls at no more than 25 cents more than the toll rates in effect during fiscal year 2018, starting in fiscal year 2022. The state contribution loans would be repaid once the debt service is retired and the deferred sales tax fully repaid.

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 Bridge that will be used to repay the state contribution loans.

The Commission may impose tolls on the Bridge only until the debt service, deferred sales tax, initial loans from the Motor Vehicle Account, and the state contribution loans are paid in full.

Summary of Amended Bill:

Beginning in September 2022 and ending in June 2032, by the last day of September, December, March, and June of each year, the State Treasurer is directed to transfer from the State General Fund to the Tacoma Narrows Toll Bridge Account the sum of \$3.25 million. The total amount that may be transferred is \$130 million.

It is the intent of the Legislature that the Commission will adjust tolls in consideration of the annual contributions from nontoll sources and the costs relating to debt service, operations and maintenance, insurance, and repayment of the Motor Vehicle Fund. The intent that the Commission maintain toll rates at a specific level is removed.

The requirement regarding the Commission's annual report to the Legislature to allow the Legislature to determine the necessary amounts of state contribution loans to the Tacoma Narrows Toll Bridge Account is modified to eliminate a reference to a specific toll rate.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) For too long, the community on the west side of the Puget Sound has not received the investments that the community has felt that it needs. A Department of Health disparities map shows that these communities have had greater adverse health impacts relating to transportation facilities, relative to the communities on the Interstate 5 corridor. The Tacoma Narrows Bridge (Bridge) is the worst-financed bridge in history. Over the years, there have been efforts to remediate this financing. This started in 2018 with the enactment of House Bill 2990. Given the position that the operating budget is in this year, this affords the opportunity to take a new strategic look. The people crossing the Bridge to go to school or work on the other side are cost-burdened by these tolls. Small business owners on the west side also suffer. At a time when the outlook on the State General Fund is so good, and with new federal funding, it is appropriate to revisit toll rates. This bill would put money back in the pockets of people who use the Bridge, about \$195 annually. There are 15.5 million trips projected for fiscal year 2023 and so this would help a lot of people.

(Opposed) None.

Persons Testifying: Senator Emily Randall, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.