

**SHB 1853 - H AMD 329**

By Representative Rockefeller

ADOPTED 03/31/2003

1 Strike everything after the enacting clause and insert the  
2 following:

3 "PART I  
4 GENERAL

5 NEW SECTION. **Sec. 101.** INTENT. The legislature finds that  
6 passenger-only ferry service is a key element to the state's  
7 transportation system and that it is in the interest of the state to  
8 ensure provision of such services. The legislature further finds that  
9 diminished state transportation resources require that regional and  
10 local authorities be authorized to develop, operate, and fund needed  
11 services.

12 The legislature recognizes that if the state eliminates passenger-  
13 only ferry service on one or more routes, it should provide an  
14 opportunity for locally sponsored service and the department of  
15 transportation should assist in this effort.

16 It is the intent of the legislature to encourage interlocal  
17 agreements to ensure passenger-only ferry service is reinstated on  
18 routes that the Washington state ferry system eliminates.

19 PART II

20 PTBA PASSENGER-ONLY FERRY SERVICE

21 NEW SECTION. **Sec. 201.** A new section is added to chapter 36.57A  
22 RCW to read as follows:

23 PTBA AUTHORIZATION FOR PASSENGER-ONLY FERRY SERVICE. A public  
24 transportation benefit area having a boundary located on Puget Sound  
25 may provide passenger-only ferry service. For the purposes of this  
26 chapter and sections 206 and 207 of this act, Puget Sound is considered  
27 as extending north as far as the Canadian border and west as far as

1 Port Angeles. Before a benefit area may provide passenger-only ferry  
2 service, it must develop a passenger-only ferry investment plan  
3 including elements to operate or contract for the operation of  
4 passenger-only ferry services, purchase, lease, or rental of ferry  
5 vessels and dock facilities for the provision of transit service, and  
6 identify other activities necessary to implement the plan. The plan  
7 must set forth terminal locations to be served, projected costs of  
8 providing services, and revenues to be generated from tolls, locally  
9 collected tax revenues, and other revenue sources. The plan must  
10 ensure that services provided under the plan are for the benefit of the  
11 residents of the benefit area. The benefit area may use any of its  
12 powers to carry out this purpose, unless otherwise prohibited by law.  
13 In addition, the public transportation benefit area may enter into  
14 contracts and agreements to operate passenger-only ferry service and  
15 public-private partnerships and design-build, general  
16 contractor/construction management, or other alternative procurement  
17 process substantially consistent with chapter 39.10 RCW.

18 NEW SECTION. **Sec. 202.** A new section is added to chapter 36.57A  
19 RCW to read as follows:

20 TAXES, FEES, AND TOLLS. (1) A public transportation benefit area  
21 may, as part of a passenger-only ferry investment plan, recommend some  
22 or all of the following revenue sources as provided in this chapter:

23 (a) A motor vehicle excise tax, as provided in section 206 of this  
24 act;

25 (b) A sales and use tax, as provided in section 207 of this act;

26 (c) Tolls for passengers and packages and, where applicable,  
27 parking; and

28 (d) Charges or licensing fees for advertising, leasing space for  
29 services to ferry passengers, and other revenue-generating activities.

30 (2) Taxes may not be imposed without an affirmative vote of the  
31 majority of the voters within the boundaries of the area voting on a  
32 single ballot proposition to both approve a passenger-only ferry  
33 investment plan and to approve taxes to implement the plan. Revenues  
34 from these taxes and fees may be used only to implement the plan and  
35 must be used for the benefit of the residents of the benefit area. A

1 district may contract with the state department of revenue or other  
2 appropriate entities for administration and collection of any of the  
3 taxes or charges authorized in this section.

4 NEW SECTION. **Sec. 203.** A new section is added to chapter 47.52  
5 RCW to read as follows:

6 CONVEYANCE OF FERRY VESSELS. The department of transportation may  
7 enter into contracts with public transportation benefit areas meeting  
8 the requirements of section 201 of this act or county ferry districts  
9 to convey passenger-only ferry vessels and other properties associated  
10 with passenger-only ferry service that serve to provide passenger-only  
11 ferry service, as full or part consideration for the benefit area or  
12 ferry district assuming all future maintenance and operation  
13 obligations and costs required to maintain and operate the vessel and  
14 facilities. The conveyances must provide that the vessels or  
15 properties revert to the department if the vessels are not used for  
16 providing passenger-only ferry service.

17 **Sec. 204.** RCW 47.60.120 and 1993 c 427 s 1 are each amended to  
18 read as follows:

19 TEN-MILE RULE EXEMPTION. (1) If the department acquires or  
20 constructs, maintains, and operates any ferry crossings upon or toll  
21 bridges over Puget Sound or any of its tributary or connecting waters,  
22 there shall not be constructed, operated, or maintained any other ferry  
23 crossing upon or bridge over any such waters within ten miles of any  
24 such crossing or bridge operated or maintained by the department  
25 excepting such bridges or ferry crossings in existence, and being  
26 operated and maintained under a lawfully issued franchise at the time  
27 of the location of the ferry crossing or construction of the toll  
28 bridge by the department.

29 (2) The ten-mile distance in subsection (1) of this section means  
30 ten statute miles measured by airline distance. The ten-mile  
31 restriction shall be applied by comparing the two end points (termini)  
32 of a state ferry crossing to those of a private ferry crossing.

33 (3) The Washington utilities and transportation commission may,  
34 upon written petition of a commercial ferry operator certificated or  
35 applying for certification under chapter 81.84 RCW, and upon notice and

1 hearing, grant a waiver from the ten-mile restriction. The waiver must  
2 not be detrimental to the public interest. In making a decision to  
3 waive the ten-mile restriction, the commission shall consider, but is  
4 not limited to, the impact of the waiver on transportation congestion  
5 mitigation, air quality improvement, and the overall impact on the  
6 Washington state ferry system. The commission shall act upon a request  
7 for a waiver within ninety days after the conclusion of the hearing.  
8 A waiver is effective for a period of five years from the date of  
9 issuance. At the end of five years the waiver becomes permanent unless  
10 appealed within thirty days by the commission on its own motion, the  
11 department, or an interested party.

12 (4) The department shall not maintain and operate any ferry  
13 crossing or toll bridge over Puget Sound or any of its tributary or  
14 connecting waters that would infringe upon any franchise lawfully  
15 issued by the state and in existence and being exercised at the time of  
16 the location of the ferry crossing or toll bridge by the department,  
17 without first acquiring the rights granted to such franchise holder  
18 under the franchise.

19 (5) This section does not apply to the operation of passenger-only  
20 ferry service by public transportation benefit areas meeting the  
21 requirements of section 201 of this act or to the operation of  
22 passenger-only ferry service by ferry districts.

23 **Sec. 205.** RCW 47.64.090 and 1983 c 15 s 27 are each amended to  
24 read as follows:

25 USE OF STATE FERRY FACILITIES. (1) Except as provided in section  
26 203 of this act and subsection (2) of this section, or as provided in  
27 section 303 of this act and subsection (3) of this section, if any  
28 party assumes the operation and maintenance of any ferry or ferry  
29 system by rent, lease, or charter from the department of  
30 transportation, such party shall assume and be bound by all the  
31 provisions herein and any agreement or contract for such operation of  
32 any ferry or ferry system entered into by the department shall provide  
33 that the wages to be paid, hours of employment, working conditions, and  
34 seniority rights of employees will be established by the marine  
35 employees' commission in accordance with the terms and provisions of

1 this chapter and it shall further provide that all labor disputes shall  
2 be adjudicated in accordance with chapter 47.64 RCW.

3 (2) If a public transportation benefit area meeting the  
4 requirements of section 201 of this act has voter approval to operate  
5 passenger-only ferry service, it may enter into an agreement with  
6 Washington State Ferries to rent, lease, or purchase passenger-only  
7 vessels, related equipment, or terminal space for purposes of loading  
8 and unloading the passenger-only ferry. A benefit area or  
9 subcontractor of that benefit area that qualifies under this subsection  
10 is not subject to the restrictions of subsection (1) of this section,  
11 but is subject to the terms of those collective bargaining agreements  
12 that it or its subcontractors negotiate with the exclusive bargaining  
13 representatives of its or its subcontractors employees under chapter  
14 41.56 RCW or the National Labor Relations Act, as applicable.

15 (3) If a ferry district is formed under section 301 of this act to  
16 operate passenger-only ferry service, it may enter into an agreement  
17 with Washington State Ferries to rent, lease, or purchase vessels,  
18 related equipment, or terminal space for purposes of loading and  
19 unloading the ferry. Charges for the vessels, equipment, and space  
20 must be fair market value taking into account the public benefit  
21 derived from the ferry service. A ferry district or subcontractor of  
22 that district that qualifies under this subsection is not subject to  
23 the restrictions of subsection (1) of this section, but is:

24 (a) Subject to the terms of those collective bargaining agreements  
25 that it or its subcontractors negotiate with the exclusive bargaining  
26 representatives of its or its subcontractors employees under chapter  
27 41.56 RCW or the National Labor Relations Act, as applicable;

28 (b) Subject to a requirement, to be included by the ferry district  
29 in any contract with the district's subcontractor, to give preferential  
30 hiring to former employees of the department of transportation who  
31 separated from employment with the department because of termination of  
32 the ferry service by the state of Washington; and

33 (c) Subject to a requirement, to be included by the ferry district  
34 in any contract with the district's subcontractor, that any questions  
35 concerning representation of employees for collective bargaining  
36 purposes may be determined by conducting a cross-check comparing an

1 employee organization's membership records or bargaining authorization  
2 cards against the employment records of the employer.

3 NEW SECTION. **Sec. 206.** A new section is added to chapter 82.80  
4 RCW to read as follows:

5 MOTOR VEHICLE EXCISE TAX AUTHORIZED. (1) Public transportation  
6 benefit areas authorized to implement passenger-only ferry service  
7 under section 201 of this act whose boundaries (a) are on the Puget  
8 Sound, but (b) do not include an area where a regional transit  
9 authority has been formed, may submit an authorizing proposition to the  
10 voters and, if approved, may levy and collect an excise tax, at a rate  
11 approved by the voters, but not exceeding four-tenths of one percent on  
12 the value of every motor vehicle owned by a resident of the taxing  
13 district, solely for the purpose of providing passenger-only ferry  
14 service. The tax must be collected only at the time of vehicle license  
15 renewal under chapter 46.16 RCW. The tax will be imposed on vehicles  
16 previously registered in another state or nation when they are  
17 initially registered in this state. The tax will not be imposed at the  
18 time of sale by a licensed vehicle dealer. In a county imposing a  
19 motor vehicle excise tax surcharge under RCW 81.100.060, the maximum  
20 tax rate under this section must be reduced to a rate equal to four-  
21 tenths of one percent on the value less the equivalent motor vehicle  
22 excise tax rate of the surcharge imposed under RCW 81.100.060. This  
23 rate does not apply to vehicles licensed under RCW 46.16.070 with an  
24 unladen weight more than six thousand pounds, or to vehicles licensed  
25 under RCW 46.16.079, 46.16.085, or 46.16.090.

26 (2) The department of licensing shall administer and collect the  
27 tax. The department shall deduct a percentage amount, as provided by  
28 contract, not to exceed two percent of the taxes collected, for  
29 administration and collection expenses incurred by it. The remaining  
30 proceeds must be remitted to the custody of the state treasurer for  
31 monthly distribution to the public transportation benefit area.

32 (3) The public transportation benefit area imposing this tax shall  
33 delay the effective date at least six months from the date the fee is  
34 approved by the qualified voters of the authority area to allow the  
35 department of licensing to implement administration and collection of  
36 the tax.

1 (4) Before an authority may impose a tax authorized under this  
2 section, the authorization for imposition of the tax must be approved  
3 by a majority of the qualified electors of the authority area voting on  
4 that issue.

5 NEW SECTION. **Sec. 207.** A new section is added to chapter 82.14  
6 RCW to read as follows:

7 SALES AND USE TAX AUTHORIZATION. Public transportation benefit  
8 areas providing passenger-only ferry service as provided in section 201  
9 of this act whose boundaries (1) are on the Puget Sound, but (2) do not  
10 include an area where a regional transit authority has been formed, may  
11 submit an authorizing proposition to the voters and, if approved by a  
12 majority of persons voting, fix and impose a sales and use tax in  
13 accordance with the terms of this chapter, solely for the purpose of  
14 providing passenger-only ferry service.

15 The tax authorized by this section is in addition to other taxes  
16 authorized by law and must be collected from those persons who are  
17 taxable by the state under chapters 82.08 and 82.12 RCW upon the  
18 occurrence of a taxable event within the taxing district. The maximum  
19 rate of the tax must be approved by the voters and may not exceed four-  
20 tenths of one percent of the selling price in the case of a sales tax  
21 or value of the article used in the case of a use tax.

22 **Sec. 208.** RCW 82.14.050 and 2002 c 56 s 406 are each amended to  
23 read as follows:

24 ADMINISTRATION AND COLLECTION--LOCAL SALES AND USE TAX ACCOUNT.  
25 The counties, cities, and transportation authorities under RCW  
26 82.14.045, public facilities districts under chapters 36.100 and 35.57  
27 RCW, public transportation benefit areas under section 207 of this act,  
28 and regional transportation investment districts shall contract, prior  
29 to the effective date of a resolution or ordinance imposing a sales and  
30 use tax, the administration and collection to the state department of  
31 revenue, which shall deduct a percentage amount, as provided by  
32 contract, not to exceed two percent of the taxes collected for  
33 administration and collection expenses incurred by the department. The  
34 remainder of any portion of any tax authorized by this chapter that is  
35 collected by the department of revenue shall be deposited by the state

1 department of revenue in the local sales and use tax account hereby  
2 created in the state treasury. Moneys in the local sales and use tax  
3 account may be spent only for distribution to counties, cities,  
4 transportation authorities, public facilities districts, public  
5 transportation benefit areas, and regional transportation investment  
6 districts imposing a sales and use tax. All administrative provisions  
7 in chapters 82.03, 82.08, 82.12, and 82.32 RCW, as they now exist or  
8 may hereafter be amended, shall, insofar as they are applicable to  
9 state sales and use taxes, be applicable to taxes imposed pursuant to  
10 this chapter. Except as provided in RCW 43.08.190, all earnings of  
11 investments of balances in the local sales and use tax account shall be  
12 credited to the local sales and use tax account and distributed to the  
13 counties, cities, transportation authorities, public facilities  
14 districts, public transportation benefit areas, and regional  
15 transportation investment districts monthly.

16 **Sec. 209.** RCW 36.57A.010 and 1983 c 65 s 1 are each amended to  
17 read as follows:

18 The definitions set forth in this section apply throughout this  
19 chapter unless the context clearly requires otherwise.

20 (1) "Public transportation benefit area" means a municipal  
21 corporation of the state of Washington created pursuant to this  
22 chapter.

23 (2) "Public transportation benefit area authority" or "authority"  
24 means the legislative body of a public transportation benefit area.

25 (3) "City" means an incorporated city or town.

26 (4) "Component city" means an incorporated city or town within a  
27 public transportation benefit area.

28 (5) "City council" means the legislative body of any city or town.

29 (6) "County legislative authority" means the board of county  
30 commissioners or the county council.

31 (7) "Population" means the number of residents as shown by the  
32 figures released for the most recent official state, federal, or county  
33 census, or population determination made by the office of financial  
34 management.

35 (8) "Public transportation service" means the transportation of  
36 packages, passengers, and their incidental baggage by means other than



1 by chartered bus, sight-seeing bus, together with the necessary  
2 passenger terminals and parking facilities or other properties  
3 necessary for passenger and vehicular access to and from such people  
4 moving systems: PROVIDED, That nothing shall prohibit an authority  
5 from leasing its buses to private certified carriers or prohibit the  
6 authority from providing school bus service. "Public transportation  
7 service" includes passenger-only ferry service for those public  
8 transportation benefit areas eligible to provide passenger-only ferry  
9 service under section 201 of this act.

10 (9) "Public transportation improvement conference" or "conference"  
11 means the body established pursuant to RCW 36.57A.020 which shall be  
12 authorized to establish, subject to the provisions of RCW 36.57A.030,  
13 a public transportation benefit area pursuant to the provisions of this  
14 chapter.

15 **Sec. 210.** RCW 36.57A.100 and 1977 ex.s. c 44 s 4 are each amended  
16 to read as follows:

17 Except in accordance with an agreement made as provided in this  
18 section or in accordance with the provisions of RCW 36.57A.090(3) as  
19 now or hereafter amended, upon the effective date on which the public  
20 transportation benefit area commences to perform the public  
21 transportation service, no person or private corporation shall operate  
22 a local public passenger transportation service, including passenger-  
23 only ferry service, within the public transportation benefit area with  
24 the exception of taxis, buses owned or operated by a school district or  
25 private school, and buses owned or operated by any corporation or  
26 organization solely for the purposes of the corporation or organization  
27 and for the use of which no fee or fare is charged.

28 An agreement may be entered into between the public transportation  
29 benefit area authority and any person or corporation legally operating  
30 a local public passenger transportation service, including passenger-  
31 only ferry service, wholly within or partly within and partly without  
32 the public transportation benefit area and on said effective date under  
33 which such person or corporation may continue to operate such service  
34 or any part thereof for such time and upon such terms and conditions as  
35 provided in such agreement. Such agreement shall provide for a  
36 periodic review of the terms and conditions contained therein. Where

1 any such local public passenger transportation service, including  
2 passenger-only ferry service, will be required to cease to operate  
3 within the public transportation benefit area, the public  
4 transportation benefit area authority may agree with the owner of such  
5 service to purchase the assets used in providing such service, or if no  
6 agreement can be reached, the public transportation benefit area  
7 authority shall condemn such assets in the manner and by the same  
8 procedure as is or may be provided by law for the condemnation of other  
9 properties for cities of the first class, except insofar as such laws  
10 may be inconsistent with the provisions of this chapter.

11 Wherever a privately owned public carrier operates wholly or partly  
12 within a public transportation benefit area, the Washington utilities  
13 and transportation commission shall continue to exercise jurisdiction  
14 over such operation as provided by law.

15 **Sec. 211.** RCW 81.84.010 and 1993 c 427 s 2 are each amended to  
16 read as follows:

17 (1) No commercial ferry may hereafter operate any vessel or ferry  
18 for the public use for hire between fixed termini or over a regular  
19 route upon the waters within this state, including the rivers and lakes  
20 and Puget Sound, without first applying for and obtaining from the  
21 commission a certificate declaring that public convenience and  
22 necessity require such operation. Service authorized by certificates  
23 issued before or after July 25, 1993, to a commercial ferry operator  
24 shall be exercised by the operator in a manner consistent with the  
25 conditions established in the certificate or tariffs: PROVIDED, That  
26 no certificate shall be required for a vessel primarily engaged in  
27 transporting freight other than vehicles, whose gross earnings from the  
28 transportation of passengers and/or vehicles, are not more than ten  
29 percent of the total gross annual earnings of such vessel: PROVIDED,  
30 That nothing herein shall be construed to affect the right of any  
31 county public transportation benefit area or other public agency within  
32 this state to construct, condemn, purchase, operate, or maintain,  
33 itself or by contract, agreement, or lease, with any person, firm, or  
34 corporation, ferries or boats across or wharfs at or upon the waters  
35 within this state, including rivers and lakes and Puget Sound, provided  
36 such operation is not over the same route or between the same

1 districts, being served by a certificate holder without first acquiring  
2 the rights granted to the certificate holder under the certificate, nor  
3 shall this chapter be construed to affect, amend, or invalidate any  
4 contract entered into prior to January 15, 1927, for the operation of  
5 ferries or boats upon the waters within this state, which was entered  
6 into in good faith by any county with any person, firm, or corporation,  
7 except that in case of the operation or maintenance by any county,  
8 city, town, port district, or other political subdivision by contract,  
9 agreement, or lease with any person, firm, or corporation, of ferries  
10 or boats across or wharfs at or upon the waters within this state,  
11 including rivers and lakes and Puget Sound, the commission shall have  
12 power and authority to regulate rates and services of such operation or  
13 maintenance of ferries, boats, or wharfs, to make, fix, alter, or amend  
14 said rates, and to regulate service and safety of operations thereof,  
15 in the manner and to the same extent as it is empowered to regulate a  
16 commercial ferry, notwithstanding the provisions of any act or parts of  
17 acts inconsistent herewith.

18 (2) The holder of a certificate of public convenience and necessity  
19 granted under this chapter must initiate service within five years of  
20 obtaining the certificate, except that the holder of a certificate of  
21 public convenience and necessity for passenger-only ferry service in  
22 Puget Sound must initiate service within twenty months of obtaining the  
23 certificate. The certificate holder shall report to the commission  
24 every six months after the certificate is granted on the progress of  
25 the certificated route. The reports shall include, but not be limited  
26 to, the progress of environmental impact, parking, local government  
27 land use, docking, and financing considerations. ((However)) Except in  
28 the case of passenger-only ferry service in Puget Sound, if service has  
29 not been initiated within five years of obtaining the certificate, the  
30 commission may extend the certificate on a twelve-month basis for up to  
31 three years if the six-month progress reports indicate there is  
32 significant advancement toward initiating service.

33 (3) The commission shall review certificates in existence as of  
34 July 25, 1993, where service is not being provided on all or any  
35 portion of the route or routes certificated. Based on progress reports  
36 required under subsection (2) of this section, the commission may grant

1 an extension beyond that provided in subsection (2) of this section.  
2 Such additional extension may not exceed a total of two years.

3 **Sec. 212.** RCW 81.84.020 and 1993 c 427 s 3 are each amended to  
4 read as follows:

5 (1) Upon the filing of an application the commission shall give  
6 reasonable notice to the department, affected cities (~~and~~), counties,  
7 and public transportation benefit areas and any common carrier which  
8 might be adversely affected, of the time and place for hearing on such  
9 application. The commission shall have power after hearing, to issue  
10 the certificate as prayed for, or to refuse to issue it, or to issue it  
11 for the partial exercise only of the privilege sought, and may attach  
12 to the exercise of the rights granted by said certificate such terms  
13 and conditions as in its judgment the public convenience and necessity  
14 may require; but the commission shall not have power to grant a  
15 certificate to operate between districts and/or into any territory  
16 prohibited by RCW 47.60.120 or already served by an existing  
17 certificate holder, unless such existing certificate holder has failed  
18 or refused to furnish reasonable and adequate service or has failed to  
19 provide the service described in its certificate or tariffs after the  
20 time period allowed to initiate service has elapsed: PROVIDED, A  
21 certificate shall be granted when it shall appear to the satisfaction  
22 of the commission that the commercial ferry was actually operating in  
23 good faith over the route for which such certificate shall be sought,  
24 on January 15, 1927: PROVIDED, FURTHER, That in case two or more  
25 commercial ferries shall upon said date have been operating vessels  
26 upon the same route, or between the same districts the commission shall  
27 determine after public hearing whether one or more certificates shall  
28 issue, and in determining to whom a certificate or certificates shall  
29 be issued, the commission shall consider all material facts and  
30 circumstances including the prior operation, schedules, and services  
31 rendered by either of the ferries, and in case more than one  
32 certificate shall issue, the commission shall fix and determine the  
33 schedules and services of the ferries to which the certificates are  
34 issued to the end that duplication of service be eliminated and public  
35 convenience be furthered.

1 (2) Before issuing a certificate, the commission shall determine  
2 that the applicant has the financial resources to operate the proposed  
3 service for at least twelve months, based upon the submission by the  
4 applicant of a pro forma financial statement of operations. Issuance  
5 of a certificate shall be determined upon, but not limited to, the  
6 following factors: Ridership and revenue forecasts; the cost of  
7 service for the proposed operation; an estimate of the cost of the  
8 assets to be used in providing the service; a statement of the total  
9 assets on hand of the applicant that will be expended on the proposed  
10 operation; and a statement of prior experience, if any, in such field  
11 by the applicant. The documentation required of the applicant under  
12 this section shall comply with the provisions of RCW 9A.72.085.

13 (3) Subsection (2) of this section does not apply to an application  
14 for a certificate that is pending as of July 25, 1993.

15 (4) In granting a certificate for passenger-only ferries and  
16 determining what conditions to place on the certificate, the commission  
17 shall consider and give substantial weight to the effect of its  
18 decisions on public agencies operating, or eligible to operate,  
19 passenger-only ferry service.

20 (5) Until March 1, 2005, the commission shall not consider an  
21 application for passenger-only ferry service serving any county in  
22 Puget Sound, unless the public transportation benefit area authority or  
23 ferry district serving that county, by resolution, agrees to the  
24 application.

25 **Sec. 213.** RCW 81.84.060 and 1993 c 427 s 7 are each amended to  
26 read as follows:

27 The commission, upon complaint by an interested party, or upon its  
28 own motion after notice and opportunity for hearing, may cancel,  
29 revoke, suspend, alter, or amend a certificate issued under this  
30 chapter on any of the following grounds:

31 (1) Failure of the certificate holder to initiate service by the  
32 conclusion of the fifth year after the certificate has been granted or  
33 by the conclusion of an extension granted under RCW 81.84.010 (2) or  
34 (3), if the commission has considered the progress report information  
35 required under RCW 81.84.010 (2) or (3);



1 state Constitution, and a "taxing district" within the meaning of  
2 Article VII, section 2 of the state Constitution.

3 (3) A ferry district is a body corporate and possesses all the  
4 usual powers of a corporation for public purposes as well as all other  
5 powers that may now or hereafter be specifically conferred by statute,  
6 including, but not limited to, the authority to hire employees, staff,  
7 and services, to enter into contracts, and to sue and be sued.

8 (4) The members of the county legislative authority, acting ex  
9 officio and independently, shall compose the governing body of any  
10 ferry district that is created within the county. The voters of a  
11 ferry district must be registered voters residing within the boundaries  
12 of the district.

13 (5) For the purposes of this section, Puget Sound is considered as  
14 extending north as far as the Canadian border and west as far as Port  
15 Angeles.

16 NEW SECTION. **Sec. 302.** A new section is added to chapter 36.54  
17 RCW to read as follows:

18 A ferry district may construct, purchase, operate, and maintain  
19 passenger-only ferries or wharves at any unfordable stream, lake,  
20 estuary, or bay within or bordering the ferry district, or between  
21 portions of the ferry district, or between the ferry district and other  
22 ferry districts, together with all the necessary boats, grounds, roads,  
23 approaches, and landings appertaining thereto under the direction and  
24 control of the governing body of the ferry district, free or for toll  
25 as the governing body determines by resolution.

26 NEW SECTION. **Sec. 303.** A new section is added to chapter 36.54  
27 RCW to read as follows:

28 (1) To carry out the purposes for which ferry districts are  
29 created, the governing body of a ferry district may levy each year an  
30 ad valorem tax on all taxable property located in the district not to  
31 exceed seventy-five cents per thousand dollars of assessed value. The  
32 levy must be sufficient for the provision of ferry services as shown to  
33 be required by the budget prepared by the governing body of the ferry  
34 district.

1 (2) A tax imposed under this section may be used only for providing  
2 passenger-only ferry services, including the purchase, lease, or rental  
3 of passenger-only ferry vessels and dock facilities, the operation and  
4 maintenance of passenger-only ferry vessels and dock facilities, and  
5 related personnel costs.

6 NEW SECTION. **Sec. 304.** A new section is added to chapter 36.54  
7 RCW to read as follows:

8 A ferry district may impose excess levies upon the property  
9 included within the district for a one-year period to be used for  
10 operating or capital purposes whenever authorized by the electors of  
11 the district under RCW 84.52.052 and Article VII, section 2(a) of the  
12 state Constitution.

13 NEW SECTION. **Sec. 305.** A new section is added to chapter 36.54  
14 RCW to read as follows:

15 The governing body of the ferry district shall annually prepare a  
16 budget of the requirements of each district fund.

17 NEW SECTION. **Sec. 306.** A new section is added to chapter 36.54  
18 RCW to read as follows:

19 At the time of making general tax levies in each year, the county  
20 legislative authority of the county in which a ferry district is  
21 located shall make the required levies for district purposes against  
22 the real and personal property in the district. The tax levies must be  
23 a part of the general tax roll and be collected as a part of the  
24 general taxes against the property in the district.

25 NEW SECTION. **Sec. 307.** A new section is added to chapter 36.54  
26 RCW to read as follows:

27 (1) The treasurer of the county in which a ferry district is  
28 located shall be treasurer of the district. The county treasurer shall  
29 receive and disburse ferry district revenues, collect taxes authorized  
30 and levied under this chapter, and credit district revenues to the  
31 proper fund.

32 (2) The county treasurer shall establish a ferry district fund,  
33 into which must be paid all district revenues, and the county treasurer



1 shall also maintain such special funds as may be created by the  
2 governing body of a ferry district, into which the county treasurer  
3 shall place all money as the governing body of the district may, by  
4 resolution, direct.

5 (3) The county treasurer shall pay out money received for the  
6 account of the ferry district on warrants issued by the county auditor  
7 against the proper funds of the district.

8 (4) All district funds must be deposited with the county  
9 depositaries under the same restrictions, contracts, and security as  
10 provided for county depositaries.

11 (5) All interest collected on ferry district funds belongs to the  
12 district and must be deposited to its credit in the proper district  
13 funds.

14 NEW SECTION. **Sec. 308.** A new section is added to chapter 36.54  
15 RCW to read as follows:

16 A ferry district is exempt from the provisions of Title 81 RCW and  
17 is not subject to the control of the Washington utilities and  
18 transportation commission. It is not necessary for a ferry district to  
19 apply for a certificate of public convenience and necessity.

20 NEW SECTION. **Sec. 309.** A new section is added to chapter 36.54  
21 RCW to read as follows:

22 A ferry district formed under this chapter may be dissolved in the  
23 manner provided in chapter 53.48 RCW, relating to port districts.

24 **Sec. 310.** RCW 84.52.010 and 2002 c 248 s 15 and 2002 c 88 s 7 are  
25 each reenacted and amended to read as follows:

26 Except as is permitted under RCW 84.55.050, all taxes shall be  
27 levied or voted in specific amounts.

28 The rate percent of all taxes for state and county purposes, and  
29 purposes of taxing districts coextensive with the county, shall be  
30 determined, calculated and fixed by the county assessors of the  
31 respective counties, within the limitations provided by law, upon the  
32 assessed valuation of the property of the county, as shown by the  
33 completed tax rolls of the county, and the rate percent of all taxes  
34 levied for purposes of taxing districts within any county shall be

1 determined, calculated and fixed by the county assessors of the  
2 respective counties, within the limitations provided by law, upon the  
3 assessed valuation of the property of the taxing districts  
4 respectively.

5 When a county assessor finds that the aggregate rate of tax levy on  
6 any property, that is subject to the limitations set forth in RCW  
7 84.52.043 or 84.52.050, exceeds the limitations provided in either of  
8 these sections, the assessor shall recompute and establish a  
9 consolidated levy in the following manner:

10 (1) The full certified rates of tax levy for state, county, county  
11 road district, and city or town purposes shall be extended on the tax  
12 rolls in amounts not exceeding the limitations established by law;  
13 however any state levy shall take precedence over all other levies and  
14 shall not be reduced for any purpose other than that required by RCW  
15 84.55.010. If, as a result of the levies imposed under section 303 of  
16 this act, RCW 84.52.069, 84.34.230, the portion of the levy by a  
17 metropolitan park district that was protected under RCW 84.52.120, and  
18 84.52.105, the combined rate of regular property tax levies that are  
19 subject to the one percent limitation exceeds one percent of the true  
20 and fair value of any property, then these levies shall be reduced as  
21 follows: (a) The levy imposed by a ferry district under section 303 of  
22 this act must be reduced until the combined rate no longer exceeds one  
23 percent of the true and fair value of any property or must be  
24 eliminated; (b) if the combined rate of regular property tax levies  
25 that are subject to the one percent limitation still exceeds one  
26 percent of the true and fair value of any property, the portion of the  
27 levy by a metropolitan park district that is protected under RCW  
28 84.52.120 shall be reduced until the combined rate no longer exceeds  
29 one percent of the true and fair value of any property or shall be  
30 eliminated; (~~(b)~~) (c) if the combined rate of regular property tax  
31 levies that are subject to the one percent limitation still exceeds one  
32 percent of the true and fair value of any property, then the levies  
33 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy  
34 imposed under RCW 84.52.069 that is in excess of thirty cents per  
35 thousand dollars of assessed value, shall be reduced on a pro rata  
36 basis until the combined rate no longer exceeds one percent of the true  
37 and fair value of any property or shall be eliminated; and (~~(c)~~) (d)

1 if the combined rate of regular property tax levies that are subject to  
2 the one percent limitation still exceeds one percent of the true and  
3 fair value of any property, then the thirty cents per thousand dollars  
4 of assessed value of tax levy imposed under RCW 84.52.069 shall be  
5 reduced until the combined rate no longer exceeds one percent of the  
6 true and fair value of any property or eliminated.

7 (2) The certified rates of tax levy subject to these limitations by  
8 all junior taxing districts imposing taxes on such property shall be  
9 reduced or eliminated as follows to bring the consolidated levy of  
10 taxes on such property within the provisions of these limitations:

11 (a) First, the certified property tax levy rates of those junior  
12 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,  
13 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

14 (b) Second, if the consolidated tax levy rate still exceeds these  
15 limitations, the certified property tax levy rates of flood control  
16 zone districts shall be reduced on a pro rata basis or eliminated;

17 (c) Third, if the consolidated tax levy rate still exceeds these  
18 limitations, the certified property tax levy rates of all other junior  
19 taxing districts, other than fire protection districts, library  
20 districts, the first fifty cent per thousand dollars of assessed  
21 valuation levies for metropolitan park districts, and the first fifty  
22 cent per thousand dollars of assessed valuation levies for public  
23 hospital districts, shall be reduced on a pro rata basis or eliminated;

24 (d) Fourth, if the consolidated tax levy rate still exceeds these  
25 limitations, the first fifty cent per thousand dollars of assessed  
26 valuation levies for metropolitan park districts created on or after  
27 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

28 (e) Fifth, if the consolidated tax levy rate still exceeds these  
29 limitations, the certified property tax levy rates authorized to fire  
30 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced  
31 on a pro rata basis or eliminated; and

32 (f) Sixth, if the consolidated tax levy rate still exceeds these  
33 limitations, the certified property tax levy rates authorized for fire  
34 protection districts under RCW 52.16.130, library districts,  
35 metropolitan park districts created before January 1, 2002, under their  
36 first fifty cent per thousand dollars of assessed valuation levy, and

1 public hospital districts under their first fifty cent per thousand  
2 dollars of assessed valuation levy, shall be reduced on a pro rata  
3 basis or eliminated.

4 In determining whether the aggregate rate of tax levy on any  
5 property, that is subject to the limitations set forth in RCW  
6 84.52.050, exceeds the limitations provided in that section, the  
7 assessor shall use the hypothetical state levy, as apportioned to the  
8 county under RCW 84.48.080, that was computed under RCW 84.48.080  
9 without regard to the reduction under RCW 84.55.012.

10 **Sec. 311.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read  
11 as follows:

12 Within and subject to the limitations imposed by RCW 84.52.050 as  
13 amended, the regular ad valorem tax levies upon real and personal  
14 property by the taxing districts hereafter named shall be as follows:

15 (1) Levies of the senior taxing districts shall be as follows: (a)  
16 The levy by the state shall not exceed three dollars and sixty cents  
17 per thousand dollars of assessed value adjusted to the state equalized  
18 value in accordance with the indicated ratio fixed by the state  
19 department of revenue to be used exclusively for the support of the  
20 common schools; (b) the levy by any county shall not exceed one dollar  
21 and eighty cents per thousand dollars of assessed value; (c) the levy  
22 by any road district shall not exceed two dollars and twenty-five cents  
23 per thousand dollars of assessed value; and (d) the levy by any city or  
24 town shall not exceed three dollars and thirty-seven and one-half cents  
25 per thousand dollars of assessed value. However any county is hereby  
26 authorized to increase its levy from one dollar and eighty cents to a  
27 rate not to exceed two dollars and forty-seven and one-half cents per  
28 thousand dollars of assessed value for general county purposes if the  
29 total levies for both the county and any road district within the  
30 county do not exceed four dollars and five cents per thousand dollars  
31 of assessed value, and no other taxing district has its levy reduced as  
32 a result of the increased county levy.

33 (2) The aggregate levies of junior taxing districts and senior  
34 taxing districts, other than the state, shall not exceed five dollars  
35 and ninety cents per thousand dollars of assessed valuation. The term  
36 "junior taxing districts" includes all taxing districts other than the

1 state, counties, road districts, cities, towns, port districts, and  
2 public utility districts. The limitations provided in this subsection  
3 shall not apply to: (a) Levies at the rates provided by existing law  
4 by or for any port or public utility district; (b) excess property tax  
5 levies authorized in Article VII, section 2 of the state Constitution;  
6 (c) levies for acquiring conservation futures as authorized under RCW  
7 84.34.230; (d) levies for emergency medical care or emergency medical  
8 services imposed under RCW 84.52.069; (e) levies to finance affordable  
9 housing for very low-income housing imposed under RCW 84.52.105;  
10 (~~and~~) (f) the portions of levies by metropolitan park districts that  
11 are protected under RCW 84.52.120; and (g) levies imposed by ferry  
12 districts under section 303 of this act.

13 **Sec. 312.** RCW 84.52.052 and 2002 c 248 s 16 and 2002 c 180 s 1 are  
14 each reenacted and amended to read as follows:

15 The limitations imposed by RCW 84.52.050 through 84.52.056, and RCW  
16 84.52.043 shall not prevent the levy of additional taxes by any taxing  
17 district except school districts in which a larger levy is necessary in  
18 order to prevent the impairment of the obligation of contracts. As  
19 used in this section, the term "taxing district" means any county,  
20 metropolitan park district, park and recreation service area, park and  
21 recreation district, water-sewer district, solid waste disposal  
22 district, public facilities district, flood control zone district,  
23 county rail district, service district, public hospital district, road  
24 district, rural county library district, island library district, rural  
25 partial-county library district, intercounty rural library district,  
26 fire protection district, cemetery district, city, town, transportation  
27 benefit district, emergency medical service district with a population  
28 density of less than one thousand per square mile, cultural arts,  
29 stadium, and convention district, ferry district, or city  
30 transportation authority.

31 Any such taxing district may levy taxes at a rate in excess of the  
32 rate specified in RCW 84.52.050 through 84.52.056 and 84.52.043, or  
33 84.55.010 through 84.55.050, when authorized so to do by the voters of  
34 such taxing district in the manner set forth in Article VII, section  
35 2(a) of the Constitution of this state at a special or general election  
36 to be held in the year in which the levy is made.

1 A special election may be called and the time therefor fixed by the  
2 county legislative authority, or council, board of commissioners, or  
3 other governing body of any such taxing district, by giving notice  
4 thereof by publication in the manner provided by law for giving notices  
5 of general elections, at which special election the proposition  
6 authorizing such excess levy shall be submitted in such form as to  
7 enable the voters favoring the proposition to vote "yes" and those  
8 opposed thereto to vote "no."

9 **PART IV**  
10 **MISCELLANEOUS**

11 NEW SECTION. **Sec. 401.** CAPTIONS AND PART HEADINGS NOT LAW.  
12 Captions and part headings used in this act are not part of the law.

13 NEW SECTION. **Sec. 402.** SEVERABILITY. If any provision of this  
14 act or its application to any person or circumstance is held invalid,  
15 the remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 403.** This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and takes effect  
20 immediately."

21 Correct the title.

EFFECT: Authorizes Public Transportation Benefit Areas (PTBAs) on  
Puget Sound to provide passenger-only (POF) service  
must prepare a plan  
may impose voter-approved taxes of up to 0.4% sales and 0.4%  
MVET  
MVET not collected on new vehicles nor when vehicle is sold  
by auto dealers  
Authorizes the creation of a county ferry district in King County:  
governed by county council, acting ex-officio

authorizes a voter-approved property tax of 75 cents/\$1,000 assessed valuation

Exempts POF service provided by PTBAs and County Ferry Districts from the State Ferry System 10-mile no competition rule.

Directs the DOT to make space available at its terminals and docks for PTBAs and County Ferry Districts; charges must be fair market value, taking into account public benefit from the POF service; and specified labor conditions must be met

Authorizes DOT to convey vessels and associated properties to PTBAs and County Ferry Districts if those agencies agree to maintain them and to use them for POF service

Adds to the considerations for the WUTC when granting operating permits to private ferry operators:

the effect on public agencies operating, or eligible to operate, POFs; and

no certificates may be issued until March 1, 2005, where a Public Transportation Benefit District or County Ferry District is eligible to operate a POF unless those local agencies agree to certificate application

Requires that when the WUTC grants a certificate for a private POF, the certificate holder must initiate service within twenty months

Takes effect immediately

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