

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5862**

Chapter 223, Laws of 2007

60th Legislature  
2007 Regular Session

PASSENGER-ONLY FERRY SERVICE

EFFECTIVE DATE: 04/27/07

Passed by the Senate April 16, 2007  
YEAS 45 NAYS 3

BRAD OWEN

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**President of the Senate**

Passed by the House April 10, 2007  
YEAS 96 NAYS 2

FRANK CHOPP

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**Speaker of the House of Representatives**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5862** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

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**Secretary**

Approved April 27, 2007, 2:40 p.m.

FILED

April 30, 2007

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5862

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AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

State of Washington                      60th Legislature                      2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Rockefeller, Poulsen, Kohl-Welles and Kline)

READ FIRST TIME 03/05/07.

1            AN ACT Relating to passenger-only ferry service; amending RCW  
2 36.57A.220, 47.01.350, 47.60.662, 36.54.110, 36.54.130, 47.60.658,  
3 82.08.0255, and 82.12.0256; amending 2006 c 332 s 2 (uncodified);  
4 adding a new section to chapter 36.54 RCW; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 36.57A.220 and 2006 c 332 s 8 are each amended to read  
7 as follows:

8            A public transportation benefit area seeking grant funding as  
9 described in RCW 47.01.350 for a passenger-only ferry route between  
10 Kingston and Seattle shall first receive approval from the governor  
11 after submitting a complete business plan to the governor and the  
12 legislature by November 1, ((2006)) 2007. The business plan must, at  
13 a minimum, include hours of operation, vessel needs, labor needs,  
14 proposed routes, passenger terminal facilities, passenger rates,  
15 anticipated federal and local funding, coordination with the Washington  
16 state ferry system, coordination with existing transit providers, long-  
17 term operation and maintenance needs, and a long-term financial plan.

1       **Sec. 2.** RCW 47.01.350 and 2006 c 332 s 4 are each amended to read  
2 as follows:

3       (1) The department of transportation shall establish a ferry grant  
4 program subject to availability of amounts appropriated for this  
5 specific purpose. The purpose of the grant program is to provide  
6 operating or capital grants for ferry systems as provided in chapters  
7 36.54 and 36.57A RCW to operate passenger-only ferry service.

8       (2) In providing grants under this section, the department may  
9 enter into multiple year contracts with the stipulation that future  
10 year allocations are subject to the availability of funding as provided  
11 by legislative appropriation.

12       (~~(3) Priority shall be given to grant applications that provide  
13 continuity of existing passenger-only service and the provision of  
14 local or federal matching funds.~~)

15       **Sec. 3.** RCW 47.60.662 and 2006 c 332 s 5 are each amended to read  
16 as follows:

17       The Washington state ferry system shall collaborate with new and  
18 potential passenger-only ferry service providers, as described in (~~RCW  
19 36.54.110(5)~~) chapters 36.54 and 36.57A RCW, for terminal operations  
20 at its existing terminal facilities.

21       **Sec. 4.** 2006 c 332 s 2 (uncodified) is amended to read as follows:

22       (~~By October 31, 2006, the department of transportation shall have  
23 an independent appraisal of the market value of the Washington state  
24 ferries Snohomish and Chinook and present it to the transportation  
25 committees of the legislature and the governor by November 1, 2006.~~)  
26 The department of transportation shall (~~sell or otherwise dispose of~~)  
27 make available for sale the Washington state ferries Snohomish and  
28 Chinook (~~for~~) at market value (~~and deposit the proceeds of the sales  
29 into the passenger ferry account created in RCW 47.60.645 as soon as  
30 practicable upon approval by the governor of the business plan  
31 described in RCW 36.54.110(5)~~) by June 1, 2007. Proceeds from the  
32 sale must be deposited into the passenger ferry account created in RCW  
33 47.60.645.

34       **Sec. 5.** RCW 36.54.110 and 2006 c 332 s 7 are each amended to read  
35 as follows:

1 (1) The legislative authority of a county may adopt an ordinance  
2 creating a ferry district in all or a portion of the area of the  
3 county, including the area within the corporate limits of any city or  
4 town within the county. The ordinance may be adopted only after a  
5 public hearing has been held on the creation of a ferry district, and  
6 the county legislative authority makes a finding that it is in the  
7 public interest to create the district.

8 (2) A ferry district is a municipal corporation, an independent  
9 taxing "authority" within the meaning of Article VII, section 1 of the  
10 state Constitution, and a "taxing district" within the meaning of  
11 Article VII, section 2 of the state Constitution.

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

17 (4) The members of the county legislative authority, acting ex  
18 officio and independently, shall compose the governing body of any  
19 ferry district that is created within the county. The voters of a  
20 ferry district must be registered voters residing within the boundaries  
21 of the district.

22 (5) A county with a population greater than one million persons and  
23 having a boundary on Puget Sound, or a county to the west of Puget  
24 Sound with a population greater than two hundred thirty thousand but  
25 less than three hundred thousand persons, proposing to create a ferry  
26 district to assume a passenger-only ferry route between Vashon and  
27 Seattle, including an expansion of that route to include Southworth,  
28 shall first receive approval from the governor after submitting a  
29 complete business plan to the governor and the legislature by November  
30 1, (~~2006~~) 2007. The business plan must, at a minimum, include hours  
31 of operation, vessel needs, labor needs, proposed routes, passenger  
32 terminal facilities, passenger rates, anticipated federal and local  
33 funding, coordination with Washington state ferry system, coordination  
34 with existing transit providers, long-term operation and maintenance  
35 needs, and long-term financial plan. The business plan may include  
36 provisions regarding coordination with an appropriate county to  
37 participate in a joint ferry under RCW 36.54.030 through 36.54.070. In  
38 order to be considered for assuming the route, the ferry district shall

1 ensure that the route will be operated only by the ferry district and  
2 not contracted out to a private entity, all existing labor agreements  
3 will be honored, and operations will begin no later than July 1,  
4 ((2007)) 2008. If the route is to be expanded to include serving  
5 Southworth, the ferry district shall enter into an interlocal agreement  
6 with the public transportation benefit area serving the Southworth  
7 ferry terminal within thirty days of beginning Southworth ferry  
8 service. For the purposes of this subsection, Puget Sound is  
9 considered as extending north to Admiralty Inlet.

10 **Sec. 6.** RCW 36.54.130 and 2006 c 332 s 9 are each amended to read  
11 as follows:

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

19 (2) A tax imposed under this section may be used only for:

20 (a) Providing ferry services, including the purchase, lease, or  
21 rental of ferry vessels and dock facilities((τ))i

22 (b) The operation ((and))<sub>L</sub> maintenance, and improvement of ferry  
23 vessels and dock facilities((τ))i

24 (c) Providing shuttle services between the ferry terminal and  
25 passenger parking facilities, and other landside improvements directly  
26 related to the provision of passenger-only ferry service; and

27 (d) Related personnel costs.

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

30 (1) A county ferry district may incur general indebtedness, and  
31 issue general obligation bonds, to finance the construction, purchase,  
32 and preservation of passenger-only ferries and associated terminals and  
33 retire the indebtedness in whole or in part from the revenues received  
34 from the tax levy authorized in RCW 36.54.130.

35 (2) The ordinance adopted by the county legislative authority  
36 creating the county ferry district and authorizing the use of revenues

1 received from the tax levy authorized in RCW 36.54.130 must indicate an  
2 intent to incur this indebtedness and the maximum amount of this  
3 indebtedness that is contemplated.

4 **Sec. 8.** RCW 47.60.658 and 2006 c 332 s 3 are each amended to read  
5 as follows:

6 The department shall maintain the level of service existing on  
7 January 1, 2006, for the Vashon to Seattle passenger-only ferry route  
8 until such time as the (~~legislature approves a county ferry district's~~  
9 ~~assumption of the route, as authorized under RCW 36.54.110(5))~~ route  
10 is assumed by another entity, providing a level of service at or  
11 exceeding the state level.

12 **Sec. 9.** RCW 82.08.0255 and 2005 c 443 s 5 are each amended to read  
13 as follows:

14 (1) The tax levied by RCW 82.08.020 shall not apply to sales of  
15 motor vehicle and special fuel if:

16 (a) The fuel is purchased for the purpose of public transportation  
17 and the purchaser is entitled to a refund or an exemption under RCW  
18 82.36.275 or 82.38.080(3); or

19 (b) The fuel is purchased by a private, nonprofit transportation  
20 provider certified under chapter 81.66 RCW and the purchaser is  
21 entitled to a refund or an exemption under RCW 82.36.285 or  
22 82.38.080(1)(h); or

23 (c) The fuel is purchased by a public transportation benefit area  
24 created under chapter 36.57A RCW or a county-owned ferry or county  
25 ferry district created under chapter 36.54 RCW for use in passenger-  
26 only ferry vessels; or

27 (d) The fuel is taxable under chapter 82.36 or 82.38 RCW.

28 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the  
29 sale of special fuel delivered in this state shall be entitled to a  
30 credit or refund of such tax with respect to fuel subsequently  
31 established to have been actually transported and used outside this  
32 state by persons engaged in interstate commerce. The tax shall be  
33 claimed as a credit or refunded through the tax reports required under  
34 RCW 82.38.150.

1       **Sec. 10.** RCW 82.12.0256 and 2005 c 443 s 6 are each amended to  
2 read as follows:

3       The provisions of this chapter shall not apply in respect to the  
4 use of:

5       (1) Special fuel purchased in this state upon which a refund is  
6 obtained as provided in RCW 82.38.180(2); and

7       (2) Motor vehicle and special fuel if:

8       (a) The fuel is used for the purpose of public transportation and  
9 the purchaser is entitled to a refund or an exemption under RCW  
10 82.36.275 or 82.38.080(3); or

11       (b) The fuel is purchased by a private, nonprofit transportation  
12 provider certified under chapter 81.66 RCW and the purchaser is  
13 entitled to a refund or an exemption under RCW 82.36.285 or  
14 82.38.080(1)(h); or

15       (c) The fuel is purchased by a public transportation benefit area  
16 created under chapter 36.57A RCW or a county-owned ferry or county  
17 ferry district created under chapter 36.54 RCW for use in passenger-  
18 only ferry vessels; or

19       (d) The fuel is taxable under chapter 82.36 or 82.38 RCW:  
20 PROVIDED, That the use of motor vehicle and special fuel upon which a  
21 refund of the applicable fuel tax is obtained shall not be exempt under  
22 this subsection (2)((+e)) (d), and the director of licensing shall  
23 deduct from the amount of such tax to be refunded the amount of tax due  
24 under this chapter and remit the same each month to the department of  
25 revenue.

26       NEW SECTION. **Sec. 11.** This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of the  
28 state government and its existing public institutions, and takes effect  
29 immediately.

      Passed by the Senate April 16, 2007.  
      Passed by the House April 10, 2007.  
      Approved by the Governor April 27, 2007.  
      Filed in Office of Secretary of State April 30, 2007.