

# SENATE BILL REPORT

## ESSB 5742

---

---

As Amended by House, April 22, 2011

**Title:** An act relating to providing funding and cost saving measures for the Washington state ferry system.

**Brief Description:** Providing funding and cost saving measures for the Washington state ferry system.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Haugen, Ranker and Shin).

**Brief History:**

**Committee Activity:** Transportation: 2/17/11, 2/24/11 [DPS].

Passed Senate: 4/11/11, 36-10.

Passed House: 4/22/11, 76-20.

---

### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5742 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; White, Vice Chair; King, Ranking Minority Member; Fain, Assistant Ranking Minority Member; Delvin, Eide, Hill, Hobbs, Litzow, Nelson, Prentice, Ranker, Sheldon, Shin and Swecker.

**Staff:** Janice Baumgardt (786-7319)

**Background:** The Transportation Commission (Commission) adopts Washington State Ferries' (WSF) fares and pricing policies by rule.

In general, fuel used for purposes other than for the propulsion of a motor vehicle on public highways is not subject to the state motor vehicle fuel tax or special fuel tax. However, such fuel is subject to the state retail sales and use tax. Fuel used for urban passenger transportation systems and fuel used for passenger-only-ferry services are exempt from the state retail and use tax as well.

Washington State Department of Transportation's public works projects estimated to cost \$2 million or more must require the contractor to have a minimum of 15 percent of the work performed by apprentices.

---

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

The Marine Employees Commission (MEC) is the agency that processes grievances for the WSF unions and provides arbitration services. In grievance arbitration, the employee organization determines whether the issue will be resolved through arbitration.

**Summary of Engrossed Substitute Bill:** The Capital Vessel Replacement Account (CVRA) is created. The Commission must impose a \$0.25 surcharge on every ferry fare sold; the proceeds of which are deposited into the CVRA. Expenditures from the CVRA must be by appropriation and may only be for the construction or purchase of ferry vessels. Surcharge revenues are to be first used to support the construction or purchase of a ferry vessel with a carrying capacity of at least 144 cards.

Effective July 1, 2013, fuel purchased for WSF and county ferry vessels are exempt from the state retail and use tax.

WSF public works projects estimated to cost \$5 million or more must require the contractor to have a minimum of 15 percent of the work performed by apprentices.

All functions of the MEC are transferred to the Public Employment Relations Committee (PERC) and MEC is abolished.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:**

PRO: This is one of the three pieces of legislation (funding, management, and labor reforms) needed to get WSF on the right track, and is a down payment on the capital needs. The tax exemption on WSF fuel is long time coming and will help reduce operating costs.

**Persons Testifying:** PRO: Dave Hoogerwerf, Walt Elliott, Executive Council, Ferry Advisory Committees; David Moseley, WSF.

**House Amendment(s):**

- Instead of eliminating the Marine Employees' Commission (MEC) and moving their functions to the Public Employment Relations Commission (PERC), the amendment requires, by December 31, 2011, MEC to merge to PERC as an independent division of PERC.
- Removes the provision that increases the threshold amount for apprenticeship utilization on WSF public works projects from \$2 million to \$5 million.
- Requires the Transportation Commission to impose a 25 cent vessel replacement surcharge on every one-way and round-trip ferry fare sold.

- Removes the requirement for the Transportation Commission to impose a 50 cent vessel replacement surcharge when the fare is collected in one direction only (round-trip fare).