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## Transportation Committee

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### HB 2132

**Brief Description:** Addressing the completion of the planned construction of various facilities, by advancing construction, issuing bonds, and tolling portions of Interstate 405, state route number 167, and state route number 509.

**Sponsors:** Representatives Fey, Slatter, Ryu, Walen, Valdez and Thai.

#### Brief Summary of Bill

- Combines Interstate 405 express toll lanes and State Route 167 high occupancy toll lanes into one express toll lanes corridor and account.
- Modifies performance metrics for the required express toll lanes corridor reporting.
- Authorizes tolling on, and creates an account for, the Puget Sound Gateway facility.
- Authorizes the issuance of up to \$1.5 billion of general obligation bonds for Interstate 405 and State Route 167 payable from toll revenue and motor fuel taxes or solely toll revenue.

**Hearing Date:** 3/14/19

**Staff:** David Munnecke (786-7315).

#### **Background:**

##### Bonds.

Washington periodically issues general obligation (GO) bonds to fund transportation capital projects with a long-term expected life span. General obligation bonds pledge the full faith and credit of the state towards payment of debt service. Historically, the legislation authorizing the issuance of transportation GO bonds has also pledged repayment first from motor fuel tax proceeds and has, on occasion, also pledged toll revenue as the first repayment before the motor fuel tax proceeds. The proceeds of the bonds must then be appropriated for transportation projects.

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*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.*

Legislation authorizing the issuance of general obligation bonds requires a 60 percent majority vote in both the House of Representatives and the Senate. Legislation authorizing the issuance of revenue bonds, such as bonds backed solely by toll revenues, requires a constitutional majority vote in both the House of Representatives and the Senate.

The State Finance Committee (Committee) was created in 1921 and is composed of the Governor, the Lieutenant Governor, and the State Treasurer. The Committee authorizes the issuance and establishes the terms, conditions, and manner of the sale of all bonds, notes, and other debt for the state to finance capital projects in the state's capital and transportation budgets. Article VIII, Section 1(a) of the State Constitution and existing statutes limit the term of state GO bonds to 30 years.

#### Toll Facilities.

The Legislature must authorize a facility as toll-eligible before it may be tolled. The Washington State Transportation Commission (Commission) is the state's tolling authority with responsibility for setting toll rates. The Washington State Department of Transportation (WSDOT) is the operator of the authorized toll facilities.

Toll revenues from each facility are deposited into that facility's designated account. Current law confines permissible uses of toll revenue to do the following:

- cover operating costs, including maintenance, preservation, administration, and toll enforcement;
- meet obligations for the repayment of debt;
- meet any other funding obligations for projects or operations;
- provide for the operation of conveyances of people or goods; and
- fund improvements to the facility.

#### State Route 167.

In 2008 the WSDOT converted one lane each direction of State Route (SR) 167 between Renton and Auburn from a high-occupancy vehicle (HOV) lane to a high-occupancy toll (HOT) lane. Solo drivers can use a transponder to enter the lane and pay a toll to travel in the high-occupancy lane during peak periods. If the vehicle has two or more people in it, they may travel in the HOT lane for free. There is currently no photo tolling on the SR 167 HOT lanes. The HOT lanes were initiated as a four-year pilot project through 2012, but tolling authorization has been extended in the transportation budget each biennia since.

#### Interstate 405.

In 2015 the WSDOT completed a widening and HOV conversion project and began tolling on the express toll lanes (ETLs) on Interstate 405 (I-405) between Bellevue and Lynnwood. Solo drivers can use a transponder to enter the lanes and pay a photo toll to travel in the express toll lanes during peak periods. If the vehicle has three or more people in it, they may travel in the ETLs for free if they have a transponder set to HOV mode. Some sections of the corridor have one ETL each direction, while some sections have two ETLs each direction.

The 2015 Connecting Washington package funded a similar widening and HOV conversion project for the south half of the I-405 corridor, to construct two ETLs each direction between Renton and Bellevue. The legislative project list funds the project at a \$1.23 billion level, with

\$215 million of this expected to be toll funding. Assuming current law, the south end facility is expected to be open to traffic in 2024.

#### Puget Sound Gateway.

The Puget Sound Gateway project was funded at \$1.88 billion in the 2015 Connecting Washington package, and will construct new segments of SR 167 in Pierce County and SR 509 in King County, simultaneously, over a 16-year period. The legislative project list assumes local contributions of \$130 million and toll funding of \$180 million, with the remaining \$1.57 billion paid with gas tax and other vehicle-related fees.

The SR 167 portion of the Puget Sound Gateway project will complete the remaining four miles of SR 167 between North Meridian Avenue in Puyallup and I-5 in Fife. The SR 509 portion will extend the highway between South 188th Street and I-5 in SeaTac, and also includes a spur from I-5 in Fife to SR 509 in Tacoma. Phase 1 of the project is expected to be open to traffic by 2026, with phase 2 open by 2031. Initial tolling analyses assume all lanes would have variable tolling at three photo toll points.

#### **Summary of Bill:**

##### Bonds.

The Committee is authorized to issue up to \$1.5 billion of GO bonds for I-405 and SR 167, first payable from toll revenue and motor fuel taxes. The Committee is also authorized to issue these same bonds backed solely by toll revenues.

##### Interstate 405/State Route 167 Corridor.

An ETL corridor is designated as beginning on the north end at I-405's junction with I-5 in Lynnwood, and ending on the south end at SR 167's junction with SR 512 near Puyallup. The SR 167 HOT lanes pilot project is repealed, and SR 167 toll revenues are combined into a new account titled the "Interstate 405 and State Route Number 167 Express Toll Lanes Operations Account," inside the Motor Vehicle Fund in the State Treasury.

The metric to ensure that average vehicle speeds in the lanes remain above 45 miles per hour (mph) at least 90 percent of the time during peak hours is replaced in the WSDOT's dynamic tolling requirements with a metric to "ensure the most efficient movement of traffic."

The required annual performance reports for the ETLs are changed to expire in 2030, and the requirement to report on how actual gross revenues align with the original fiscal note is removed. The required reporting metric of whether the ETLs maintain speeds of 45 mph at least 90 percent of the time during peak periods is modified to specify if the WSDOT works with the Federal Highway Administration on an alternate metric, this will be reported instead. A two-year, two-part performance trigger to terminate the ETL operations is removed.

##### Puget Sound Gateway.

The Puget Sound Gateway facility is designated as an eligible toll facility and tolling is authorized. The facility is defined as SR 167 between North Meridian Avenue in Puyallup and I-5 in Fife, the SR 509 spur between I-5 in Fife and SR 509 in Tacoma, and SR 509 between South 188th Street and I-5 in SeaTac. The Commission is directed to set a variable toll rate schedule to maintain travel time, speed, and reliability, and may adjust rates for inflation.

The intent of the Legislature is expressed that the construction of the Puget Sound Gateway project be advanced by beginning tolling on stage one of the project earlier than currently planned, advancing Connecting Washington funding by two biennia, and advancing local and federal funding contributions. These actions are further stated to allow stage two of the project to open three years earlier in 2028.

A Puget Sound Gateway Facility Account (account) is created in the Motor Vehicle Fund.

Deposits to the account are to include:

- all proceeds of bonds and loans;
- all tolls and other revenues received from the operation of the facility;
- any interest from those revenues;
- proceeds from the sale of any associated surplus property; and
- any damages collected under any associated contracts.

Monies in the account may only be spent after appropriation, and are confined to the same permissible uses as other Washington tolling facilities.

**Appropriation:** None.

**Fiscal Note:** Available.

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