

HOUSE BILL REPORT

SB 5765

As Passed House - Amended:

April 18, 2023

Title: An act relating to tolling authorization for the Interstate 5 bridge replacement project.

Brief Description: Addressing tolling authorization for the Interstate 5 bridge replacement project.

Sponsors: Senators Liias, King, Cleveland and Holy.

Brief History:

Committee Activity:

Transportation: 4/13/23, 4/14/23 [DP].

Floor Activity:

Passed House: 4/18/23, 57-40.

<p style="text-align: center;">Brief Summary of Bill (As Amended by House)</p> <ul style="list-style-type: none">• Authorizes tolls on the Interstate 5 Bridge Replacement Project.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 19 members: Representatives Fey, Chair; Donaghy, Vice Chair; Paul, Vice Chair; Timmons, Vice Chair; Barkis, Ranking Minority Member; Berry, Bronoske, Chapman, Cortes, Doglio, Duerr, Entenman, Goehner, Hackney, Mena, Ramel, Ramos, Taylor and Wylie.

Minority Report: Do not pass. Signed by 5 members: Representatives Robertson, Assistant Ranking Minority Member; Griffey, Orcutt, Volz and Walsh.

Minority Report: Without recommendation. Signed by 5 members: Representatives Hutchins, Assistant Ranking Minority Member; Low, Assistant Ranking Minority Member;

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.

Dent, Klicker and Schmidt.

Staff: David Munnecke (786-7315).

Background:

Toll Authorization and Rate Setting.

The Legislature is the only entity with the authority to authorize tolls on an eligible toll facility. An eligible toll facility is portions of the state highway system specifically identified by the Legislature, including transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways. The Legislature has authorized collection of tolls on the following facilities:

- the Tacoma Narrows Bridge;
- the State Route 520 floating bridge;
- the State Route 99 tunnel;
- the new sections of State Route 167 and State Route 509 that are part of the Puget Sound Gateway Project;
- the State Route 167 high-occupancy toll lanes; and
- the Interstate 405 express toll lanes.

The Legislature has designated the Washington State Transportation Commission (Commission) as the state tolling authority with responsibility for setting toll rates, including variable pricing, and reviewing toll operations. Before each regular session of the Legislature, the Commission must report to the Transportation Committees of the Legislature on any increase or decrease in toll rates approved by the Commission.

Interstate 5 Bridge Replacement Project.

The Interstate 5 (I-5) Bridge crosses the Columbia River and connects Vancouver, Washington and Portland, Oregon with two parallel bridge structures. One bridge structure carries traffic northbound to Vancouver, and the other bridge structure carries traffic southbound to Portland. The northbound bridge was built in 1917, and the southbound bridge was built in 1958.

In 2012 the Legislature provided tolling authorization for replacement of the I-5 Bridge crossing the Columbia River as part of the Columbia River Crossing Project. A bistate agreement regarding toll rate setting was entered into by the Commission and the Oregon State Transportation Commission, but the project was never constructed.

In 2017 the Legislature established a Joint Oregon-Washington Legislative Action Committee (JLAC) regarding the construction of a new I-5 Bridge. The JLAC is comprised of 16 members, eight from each state, tasked with achieving the following purposes, among others:

- examining all potential mass transit options available for a new I-5 Bridge project;

- utilizing design build procurement or better innovative project delivery methods to determine the least costly, most efficient project management and best practices tools; and
- considering the creation of a Columbia River Bridge Authority to review bridge needs and make recommendations to both states regarding financing, timing of improvements, and operations of the bridges.

In 2017 the Oregon State Legislature authorized the collection of tolls on the Oregon portion of I-5 and Interstate 205 as part of its toll program, the Regional Mobility Pricing Project. The Oregon State Legislature also authorized the Oregon State Transportation Commission (OTC) to enter into agreements with the State of Washington, or its tollway operator, to establish, review, adjust, and collect tolls for the project.

Planning for the I-5 Bridge Replacement (IBR) Project was restarted in 2019, and the modified locally preferred alternative would replace the I-5 Bridge, extend light rail to Vancouver, improve seven interchanges, and enhance the pedestrian and bicycle paths. The estimated project costs range from \$5 billion to \$7.5 billion.

In March 2022 the Secretary of the Washington State Department of Transportation (WSDOT) and Director of the Oregon State Department of Transportation (ODOT) signed a memorandum of understanding (MOU) regarding how tolls for the IBR Project could be designed, implemented, and administered. The MOU provides that the ODOT should be the entity responsible for IBR Project toll operations. While acknowledging the respective state transportation commissions entering into a future bistate tolling agreement, the MOU also provides that future agreements between the states will address toll operations implementation and cost allocation processes, and toll revenue uses and financial arrangements.

Summary of Amended Bill:

The IBR Project is defined as a bistate, multimodal corridor improvement program between the State Route 500 interchange in Vancouver, Washington and the Victory Boulevard interchange in Portland, Oregon. The IBR Project is designated as an eligible toll facility, and tolls may be imposed on the IBR Project. Tolls may be charged for travel only on the existing and replacement I-5 Columbia River bridges, and may not be charged for travel on any portion of Interstate 205 within the State of Washington.

The IBR Project Account (Account) is created in the State Treasury, authorized to keep the interest or other earnings it generates, and the types of revenue and moneys that must be deposited into the Account are specified, including all net tolls and other revenues received from operation of the IBR Project as a toll facility. Toll revenues generated on the IBR Project must only be expended to construct, improve, preserve, maintain, manage, or operate the IBR Project. Expenditures of toll revenues are subject to appropriation and must only be made:

- to cover the operating costs of the eligible toll facility, including necessary maintenance, preservation, administration, and toll enforcement by public law enforcement within the boundaries of the facility;
- to meet obligations for the repayment of debt and interest on the eligible toll facility, and any other associated financing costs including, but not limited to, required reserves and insurance;
- to meet any other obligations to provide funding contributions for any projects or operations on the eligible toll facility;
- to provide for the operations of conveyances of people or goods; or
- for any other improvements to the eligible toll facility.

The Commission, as tolling authority, may enter into a bistrate agreement with the OTC regarding the mutual or joint setting, adjustment, and review of toll rates and exemptions. Toll rates established pursuant to the bistrate agreement may not: (1) exceed the highest toll rate on any of the other tolled facilities in Washington; (2) pay for all of the operational and administrative costs of Oregon's tolling system; or (3) subsidize other Oregon toll facilities.

Tolls may not be collected on the IBR Project until: (1) certification by the Secretary of Transportation to the Governor that the WSDOT has received satisfactory evidence that a sufficient federal funding plan is in place and that sufficient state and local funds are available to complete the IBR Project; and (2) the bistrate agreement between the Commission and the OTC has taken effect.

Provisions addressing bistrate agreements related to the Columbia River Crossing Project are repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) The previous project to replace the Columbia River bridges failed because Washington failed to step-up. There has now been a bistrate effort going on for the last eight years.

It used to be that highway projects were largely paid for with federal funds, but now tolls are necessary too. In order to get federal funding Washington will need to toll, but receiving federal funds will mean the tolls are lower.

This project needs to be sensitive to the effect it has on local communities.

Washington needs to be sure that it has the authority it needs to keep this project moving, in order to replace the only drawbridge on a major corridor on the West Coast.

The bridge is 106 years old, has served its purpose, and now needs to be replaced, which will also help resolve congestion on the corridor. The current bridges are seismically vulnerable, and federal funds are available to help pay for this.

The cost of the replacement project is estimated to be between \$5 and \$7.5 billion dollars, with the most likely cost being \$6 billion dollars.

Federal funding will be important, and applications for those funds are expected to be submitted this year, with \$2.5 to \$3 billion dollars expected to be received in total. Oregon and Washington are both planning to contribute as well, with Oregon currently working on its contribution.

Both states are working to make sure that the federal government understands that this is a vital national need, since it is the only facility on the West Coast that connects all the way from Canada to Mexico.

A total of \$1.24 billion dollars is expected to come from tolls, to go along with the state and federal money. The Federal Transit Administration determines readiness by availability of funds, so tolls are necessary to show this. Pre-completion tolling is expected to begin in 2026 with the new bridge ready in 2031.

When these tolls stop being collected is a decision for the future, but bridges do generally have high operating and maintenance costs. A conversation is currently being held regarding interoperability, but it is generally desirable to avoid multiple bills for the same trip.

This has been a bi-partisan bill with bi-partisan votes. The bill provides protections so that the money raised gets spent on the project. Conversations still need to occur about toll rates, exemptions, and avoidance.

This is a massive and critical project and workers and contractors are both eager to work on it. It is also critical for the economy.

This aging bridge is on a critical corridor, and thus needs to be replaced. The \$6 billion dollar cost will require tolls to complete construction, which is generally true with large projects across the country. The \$1.2 billion dollars is needed from tolls, which will also provide a match for federal funds.

Variable tolling will help with congestion on the bridge, and low-income toll rates are being considered. All of the toll revenue will be dedicated to the bridge.

(Opposed) It is not clear what is being funded by tolls, and the replacement bridge alone could be built for \$1 billion dollars.

Toll collection costs range as high as 68 percent of the revenue collected, as opposed to the very low cost of collection for the gas tax.

Washington residents going into Portland will be tolled twice, which could be up to \$30 dollars per day or \$7,000 dollars per year. Despite this, travel times could double by 2045 with the new bridge.

(Other) The Oregon legislation regarding tolling requires interoperability, and Oregon is already planning tolling on the two-lane sections of I-5 and Interstate 205 in the Portland area.

An initiative campaign is currently collecting signatures in Oregon to require voter approval of all tolls, so Oregon tolls could be rejected.

Persons Testifying: (In support) Amber Carter, Identity Clark County and the Port of Vancouver USA; Greg Johnson, Interstate Bridge Replacement Program; Anne McEnerny-Ogle, City of Vancouver; and Mark Streuli, Iron Workers District Council of the Pacific Northwest-Ironworker Management Progressive Action Cooperative Trust.

(Opposed) John Ley.

(Other) Dean Suhr, Vote Before Tolls Committee.

Persons Signed In To Testify But Not Testifying: None.