

HOUSE BILL REPORT

SHB 1958

As Passed Legislature

Title: An act relating to the interstate bridge replacement toll bond authority.

Brief Description: Concerning the interstate bridge replacement toll bond authority.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Wylie and Zahn; by request of Department of Transportation).

Brief History:

Committee Activity:

Transportation: 2/24/25, 4/7/25 [DPS].

Floor Activity:

Passed House: 4/18/25, 61-35.

Passed Senate: 4/23/25, 35-13.

Passed Legislature.

Brief Summary of Substitute Bill

- Allows for the issuance of up to \$2.5 billion of bonds for the design, right-of-way, and construction of the Interstate 5 Bridge Replacement Project.
- Provides the process for the issuance and repayment of any bonds issued, which is separate from the current process.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Fey, Chair; Bernbaum, Vice Chair; Donaghy, Vice Chair; Reed, Vice Chair; Barkis, Ranking Minority Member; Low, Assistant Ranking Minority Member; Bronoske, Dent, Duerr, Entenman, Hunt, Nance, Paul, Ramel, Taylor, Timmons, Wylie and Zahn.

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.

Minority Report: Do not pass. Signed by 6 members: Representatives Griffey, Klicker, Ley, Orcutt, Stuebe and Volz.

Minority Report: Without recommendation. Signed by 1 member: Representative Richards.

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.

Legislation authorizing the issuance of GO 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 (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 Washington Constitution and existing statutes limit the term of state GO bonds to 30 years.

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.

The I-5 Bridge Replacement (IBR) Project is defined as a bistate, multimodal corridor improvement program between the State Route (SR) 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. Tolls may not be charged for travel on any portion of Interstate 205 (I-205) within

Washington.

The Washington State Transportation Commission (WSTC), as the tolling authority, may enter into a bistate agreement with the Oregon State Transportation Commission (OSTC) regarding the mutual or joint setting, adjustment, and review of toll rates and exemptions. Toll rates established pursuant to the bistate agreement may not:

- exceed the highest toll rate on any of the other tolled facilities in Washington, unless the Legislature provides direction otherwise in enacted legislation;
- pay for all of the operational and administrative costs of Oregon's tolling system; or
- subsidize other Oregon toll facilities.

Tolls may not be collected on the IBR Project until: (1) certification of the Secretary of Transportation to the Governor that the Washington State Department of Transportation (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 bistate agreement between the WSTC and the OSTC has taken effect.

Summary of Substitute Bill:

Bonding of up to \$2.5 billion is authorized for the design, right-of-way, and construction of the IBR Project, with all proceeds from the sale of any such bonds to be deposited in the IBR Account.

The bonds are GO bonds of the state, and are first payable from toll revenue and then excise taxes on fuel and vehicle-related fees. If the Committee determines, in consultation with the WSDOT and the tolling authority, it to be beneficial, the bonds may be issued as revenue bonds.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This is one of the more important pieces of the puzzle for making sure that we have a safe, reliable bridge between Oregon and Washington, along I-5, crossing the Columbia River.

In 2022 \$1 billion was set aside by Washington for the project, and likewise by Oregon. At this point, there is also \$2 billion in federal money in hand for this project.

This project has a long history to it, and it is more than past the time to replace this bridge for the safety of people who not only count on it for everyday commuting, but also count on it for interstate commerce, all along the West coast of this country.

The Legislature dealt in part with the tolling matter in previous legislative sessions, by authorizing tolling during construction of this project, in order to make funds available, and more importantly, to reduce the timeframe that we would be needing to toll the facility.

The I-5 Bridge is 100 years old, and it's only fair that tolling be a part of this financial package to replace it. Washington has tolled facilities along Interstate 405, SR 520, a new gateway project that will be partly funded by tolling, and SR 167.

This is a strategy used in many, many cases. It's necessary because of the size of the project. It is just too large to be funded without tolling revenue, which ensures that the people that use the facility are paying a portion of a total cost for the facility.

Washington and Oregon are sharing in the risks that are involved here. That's always been the understanding with Oregon.

The legislation is a necessary step forward for this important project, authorizing up to \$1.6 billion in bond financing to fund the design, right-of-way, and construction of the IBR Project.

This bill leverages the tolls that were authorized in 2023, and an investment-grade traffic and revenue analysis is currently underway for the IBR. The current finance plan that's been issued and published by the project team calls for toll revenue of \$1.2 billion, and previous analysis demonstrated the ability for the facility to generate \$1.6 billion in total revenue.

This bill requests authorization up to that higher amount of bond authorization. It's helpful to see it as a ceiling that the actual debt that would be issued to support legislative appropriations would be in line with those appropriated levels and also projected toll revenues.

The bill provides flexibility for financing, as the form of financing has not been determined. In discussions with the Treasurer and counterparts in Oregon, there are two forms of financing under consideration. There's the provision for general obligation bonds payable first from toll revenue and backed with fuel tax and the full faith and credit of the State.

The other option is a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan through the federal government, and because the specific form of financing has not been agreed to as of yet, the legislation requests authorization of up to \$1.6 billion in bonds. That authorization amount would allow Washington to be the TIFIA applicant, if that is

determined to be the most effective course of action for the project.

There is clear intent for cost-sharing between Washington and Oregon, on this project. The states have agreed to share costs and necessary debt equally, regardless of the form of financing, so the legislation is in line with that intent.

The WSDOT is committed to working with the Legislature and the Treasurer to ensure that the bill incorporates everyone's feedback, meets legislative intent, and continues to move this important project forward, while also preserving and protecting the financial interests of the state.

People have been hearing about this bridge project for 20 years. It's pretty exciting to see it so close to finally becoming a reality.

Bonding against toll revenue provides funding sooner than pay as you go, ensuring the replacement of this piece of failing infrastructure. The I-5 Bridge is more than 100 years old, has more than 10 hours of congestion a day, narrow lanes, and a lift bridge that all contribute to a higher crash rate than similar facilities.

The bridge poses a safety risk for the traveling public, and let's hope there isn't an earthquake before the project gets going. The sooner construction begins, the sooner Washingtonians can be put to work building a safer bridge for all.

The bridge is critical for the region. One hundred and thirty million dollars worth of freight crosses the bridge every day. The state is looking at matching federal funds to highlight the commitment to completing an unparalleled infrastructure project that will serve for generations.

There have been tolls on this bridge ever since it was built. There's nothing new to this, and every major project in the entire United States has tolling revenue as part of its finance plan. The project is not special, nor unique. Tolling is clearly an expected part of any funding project, so this ensures that the state can provide that local match to the over \$2 billion.

The Port of Vancouver, U.S.A., provides \$3 billion in annual economic benefit to Southwest Washington and the surrounding region. Its success is tied closely to the ability to reliably and efficiently move freight in and out of the port. It serves local small businesses, as well as communities across the country and around the world.

Thousands of trucks come to and from the port each day, and 60 percent of those trucks rely on the I-5 Bridge to get to and from their destination. The current bridge severely lacks both modern design and safety standards, as well as the seismic resilience needed to serve freight and other needs of the system.

The port is subject to regular disruptions on and around the bridge, and economic well-being is at significant and increasing risk. Over the past few years, the port has been working closely with the IBR team to ensure that freight mobility remains a priority for this project and that user contributions to this project from the freight community are fair and consistent with other systems in the region.

While there's much work to be done, advancing funding mechanisms to ensure that this project can move forward in a timely matter is of the utmost importance.

For nine years, Identity Clark County has been working with bipartisan, bicameral, and bi-state legislative leaders to move forward in replacing the I-5 Bridge, with \$2.1 billion secured from federal transportation sources, and \$1 billion each from Oregon and Washington. This bond measure is the next step towards setting the table for a final Environmental Impact Statement and record of decision to begin construction.

The antiquated and accident prone I-5 Bridge is 108 years old, anchored in mud, and operated by six miles of cable that require hand greasing.

This critical passage, where billions of dollars of freight and commerce move over and under the bridge by road, river, and rail is unlikely to survive the next Cascadia subduction megathrust quake.

The Columbia Pacific Building Trades Council represents over 20,000 workers and 22 local unions in the Portland Metropolitan and Southwest Washington areas, including Clark, Skamania, and Klickitat counties.

The I-5 Bridge Project is long overdue and needs to move forward as soon as possible. The project faces a funding shortfall, and House Bill 1958 would allow bonds to be sold as a tool to help close the funding gap. The longer the wait to build the bridge, the more cost and safety concerns will increase, further complicating the project.

The I-5 Bridge linking Washington with Oregon is vital to the state. It's vital to Southwest Washington, but really the entire rest of the state. This bridge is needed, and it needs to be functional. This bill is a step forward. This is the deal that was made to take some federal funds, funding from Oregon, and raise funds here in Washington. This bill is how the state has chosen to raise those funds, and this funding is desperately needed.

(Opposed) The \$1.6 billion in bonds will be 13 percent of Washington's remaining bonding capacity. This is a bad way to finance a bad project.

The IBR Project is an unnecessary rebuild of seven interchanges and a dangerously steep bridge. The IBR Project will not solve congestion, be safer, or more earthquake resilient.

The IBR has not been honestly evaluated, and a safer, more earthquake-resilient, and less

costly alternative is the immersed tube tunnel, which would add eight lanes and preserve the six lanes on the current bridges. It would also protect Vancouver's waterfront and Port Vancouver from IBR Project's massive elevated freeway that will rain down noise, toxic pollution, and provide visual blight on both sides of its elevation.

Selling these bonds is premature. The IBR Project is not yet approved fully, and so it's not clear how much needs to be borrowed. With the new federal administration, there'll hopefully be cost cutting measures in place, and the light rail has had a lot of opposition for the last 10 or 12 years or more. If the light rail is cut from the project, the capital expenditures will be reduced by \$2 billion, and that's more than the \$1.6 billion intended to be borrowed.

Meanwhile, tolls in Washington have steadily increased. There has been talk about tolling up in Seattle area, and the tolls there have increased recently from \$10 to \$15. This puts a tremendous burden on people.

Tolling is also a very inefficient way to collect taxes. The cost of collection is extremely high, and Washington's collection costs run from 19 percent of the funds collected to as high as 68 percent. Tolling is a regressive tax, hurting the most those who can afford it the least.

Tolling on the I-5 Bridge will just push drivers over to the I-205 Bridge, causing more problems, and this rushed bill could end up authorizing tolling on the I-205 Bridge as well.

It needs to be written down very clearly in a legal agreement, that Oregon should be liable for 50 percent of any bonds issued.

Two billion dollars of this project is allocated to light rail. Clark County voters have rejected light rail at the ballot box twice in recent years. Cut the unnecessary \$2 billion light rail out of the project. Ridership data does not support light rail, and over half of this I-5 Bridge proposal is allocated to transit, light rail, buses, pedestrians, and bicyclists, not freight.

The I-5 Bridge Replacement Project's traffic modeling is outdated and needs to be redone to satisfy the United States Department of Transportation. Models used by the IBR systematically overestimate both current and future levels of traffic. On the I-5 Bridge, traffic modeling is the foundation of the project, from its purpose and need to its financial analysis that assumes the tolls will cover a significant portion of the project cost. Tolling I-5 could cause massive traffic diversion to I-205.

At a June 2024 hearing of the Joint Oregon and Washington Legislative Committee, IBR Director Greg Johnson conceded that the IBR was having to redo the project's traffic modeling because it overestimated traffic and transit ridership, which includes light rail and buses. If the differences are likely to be minor, the Federal Highway Administration would

likely not have made an issue of the projections. The new projections could show far lower levels of traffic and transit ridership using an I-5 Bridge. Lower traffic numbers will also reduce the estimates of future toll revenue. Furthermore, the Cascade Policy Institute sent a letter to the Federal Transit Association in 2020, with pre-COVID data, requesting the agency enforce contracts with the Oregon TriMet light rail for their yellow line project. That is, the line that extends over the I-5 Bridge into Clark County. In addition to the green line and the orange line, all three lines were traveling at lower speeds than promised, and ridership projections were missed by large margins.

The toll program leaves drivers without any free highway alternatives and takes money from working people to pay for a transit system that's unfair. The Federal Highway Aid Program also prohibits the implementation of tolls on roads that are funded with federal money, unless Congress creates a carve out or exception.

Persons Testifying: (In support) Representative Jake Fey, prime sponsor; Mike Bomar, Port of Vancouver; Doug Vaughn, Principal Financial Officer, WSDOT; Heather Kurtenbach, Washington State Building and Construction Trades Council; Anne McEnery-Ogle, Mayor of Vancouver; Ron Arp, Identity Clark County; Randall Friesen, Columbia Pacific Building and Construction Trades Council; and Morgan Irwin, Association of Washington Business.

(Opposed) Bob Ortblad; Douglas Tweet; and Margaret Tweet.

Persons Signed In To Testify But Not Testifying: None.