

**SENATE BILL REPORT**

**SB 6454**

**AS OF JANUARY 28, 1994**

**Brief Description:** Apportioning pilotage tariffs.

**SPONSORS:** Senators Snyder, Hargrove, Spanel, Niemi, Owen and M. Rasmussen

**SENATE COMMITTEE ON TRANSPORTATION**

**Staff:** Vicki Fabre (786-7313)

**Hearing Dates:** February 1, 1994

**BACKGROUND:**

Marine pilotage is the skill and discipline of navigating large ships in close proximity to shore, ports, and other vessels. The master of a ship coming into Washington waters is not expected to be familiar with the local navigation hazards of each harbor encountered. Accordingly, the Washington State Pilotage Act (Chapter 88.16 RCW) requires every vessel, except those involved in domestic shipping and those engaged in west coast coasting trade (including British Columbia), to employ, for each port entered or exited, a local pilot familiar with the waters of that port. The act establishes pilotage districts for Puget Sound and Grays Harbor and Willapa Bay, and pilots are required to meet separate licensing requirements for each district.

Although, technically, pilots are independent contractors, they belong to associations operating in each of the districts. Four Grays Harbor pilots belong to the Grays Harbor Pilots Association. Fifty-one pilots operating in Puget Sound belong to the Puget Sound Pilots Association. Each pilot holds an equal share in the assets (pilot boats, shore stations, and communications equipment) of the association.

The Washington State Board of Pilotage Commissioners administers the Pilotage Act and has as one of its duties the establishment of rates for pilotage services. Separate, annual rate hearings, involving the pilot associations and shipping industry representatives, are held annually to determine the tariff for each district. In setting rates, the board takes into account the revenues required to pay the costs of the service and a target income for each pilot, with limits imposed by market competition. The revenue requirement is combined with a forecast of vessel traffic to calculate charges that establish the tariff.

The vessel traffic base in the Grays Harbor Pilotage District has declined during the past four years. The decline is

primarily the result of habitat set-aside measures which have banned log exports on much of the Olympic peninsula and driven up prices in other areas where harvesting is still permitted on private lands. Although efforts to diversify the cargo base have been successful, an increase in general cargo has not made up for lost log exports. This trend has had a significant impact on pilot assignments and net income in the Grays Harbor Pilotage District.

**SUMMARY:**

The Legislature finds that to ensure the continuance of viable pilotage services in Grays Harbor, the creation of a system for combining and apportioning the revenues of the Grays Harbor and Puget Sound Pilotage Districts is necessary.

Pilotage tariffs in the Grays Harbor Pilotage District are required to remain at the level established by the Board of Pilotage Commissioners on July 17, 1993, and may not increase at a rate in excess of the annual Consumer Price Index for the area.

The income and revenues from the tariff for each pilotage district are to be combined. Actual income received for pilotage services are pooled to and deposited in a common bank selected by the board. Tariff income for each pilotage district is then apportioned between the Grays Harbor and Puget Sound Pilotage Districts. Each district receives a percentage of the monthly targeted gross income that is in proportion to its share of the combined monthly targeted gross income for both districts. A shortfall in the annual targeted gross income of either pilotage district is to be supplemented by a uniform and proportional tariff increase for each district. Each district is responsible for the internal distribution of income received and for the subsequent payment of its operational expenses.

The board is required to adopt rules implementing the tariff apportionment requirements by September 1, 1994.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested