

**SSB 5850 - S AMD 159**

By Senators Oke, Poulsen, B. Sheldon, T. Sheldon

ADOPTED AS AMENDED 03/13/2003

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** INTENT. The legislature finds that  
4 passenger-only ferry service is a key element to the state's  
5 transportation system and that it is in the interest of the state to  
6 ensure provision of such services. The legislature further finds that  
7 diminished state transportation resources require that regional and  
8 local authorities be authorized to develop, operate, and fund needed  
9 services.

10 It is the intent of the legislature that the state provide for a  
11 transition from state-provided to local service and that the department  
12 of transportation provide resources to assist in this effort.

13 It is the intent of the legislature to encourage interlocal  
14 agreements to ensure passenger-only ferry service is maintained on  
15 routes that the Washington state ferry system eliminates.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 36.57A RCW  
17 to read as follows:

18 PTBA AUTHORIZATION FOR PASSENGER-ONLY FERRIES. A public  
19 transportation benefit area having a boundary located on Puget Sound  
20 may implement a passenger ferry service. For the purposes of this  
21 chapter and sections 7, 8, and 10 of this act, Puget Sound is  
22 considered as extending north as far as the Canadian border and west as  
23 far as Port Angeles. The benefit area must develop a passenger ferry  
24 investment plan including elements to operate or contract for the  
25 operation of passenger ferry services, purchase, lease, or rental of  
26 ferry vessels and dock facilities for the provision of transit service,  
27 and identify other activities necessary to implement the plan. The  
28 plan must set forth terminal locations to be served, projected costs of

1 providing services, and revenues to be generated from tolls, locally  
2 collected tax revenues, and other revenue sources. The benefit area  
3 may use any of its powers to carry out this purpose, unless otherwise  
4 prohibited by law. In addition, the public transportation benefit area  
5 may enter into contracts and agreements to operate passenger-only ferry  
6 service and public-private partnerships and design-build, general  
7 contractor/construction management, or other alternative procurement  
8 process substantially consistent with chapter 39.10 RCW.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.57A RCW  
10 to read as follows:

11 TAXES, FEES, AND TOLLS. (1) A public transportation benefit area  
12 may, as part of a passenger ferry investment plan, recommend some or  
13 all of the following revenue sources as provided in this chapter:

14 (a) A motor vehicle excise tax, as provided in section 7 of this  
15 act;

16 (b) A sales and use tax, as provided in section 8 of this act;

17 (c) Tolls for passengers and packages and, where applicable,  
18 parking; and

19 (d) Charges or licensing fees for advertising, leasing space for  
20 services to ferry passengers, and other revenue-generating activities.

21 (2) Taxes may not be imposed without an affirmative vote of the  
22 majority of the voters within the boundaries of the area voting on a  
23 single ballot proposition to both approve a passenger ferry investment  
24 plan and to approve taxes to implement the plan. Revenues from these  
25 taxes and fees may be used only to implement the plan. A district may  
26 contract with the state department of revenue or other appropriate  
27 entities for administration and collection of any of the taxes or  
28 charges authorized in this section.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.52 RCW  
30 to read as follows:

31 CONVEYANCE OF FERRY VESSELS. The department of transportation may  
32 enter into contracts with public transportation benefit areas meeting  
33 the requirements of section 2 of this act and ferry districts created  
34 under section 10 of this act to convey passenger ferry vessels and  
35 other properties associated with passenger-only ferry service that  
36 serve to provide passenger ferry service, as full or part consideration

1 for the benefit area or ferry district assuming all future maintenance  
2 and operation obligations and costs required to maintain and operate  
3 the vessel and facilities. The conveyances must provide that the  
4 vessels or properties revert to the department if the vessels are not  
5 used for providing passenger ferry service.

6 **Sec. 5.** RCW 47.60.120 and 1993 c 427 s 1 are each amended to read  
7 as follows:

8 TEN-MILE RULE EXEMPTION. (1) If the department acquires or  
9 constructs, maintains, and operates any ferry crossings upon or toll  
10 bridges over Puget Sound or any of its tributary or connecting waters,  
11 there shall not be constructed, operated, or maintained any other ferry  
12 crossing upon or bridge over any such waters within ten miles of any  
13 such crossing or bridge operated or maintained by the department  
14 excepting such bridges or ferry crossings in existence, and being  
15 operated and maintained under a lawfully issued franchise at the time  
16 of the location of the ferry crossing or construction of the toll  
17 bridge by the department.

18 (2) The ten-mile distance in subsection (1) of this section means  
19 ten statute miles measured by airline distance. The ten-mile  
20 restriction shall be applied by comparing the two end points (termini)  
21 of a state ferry crossing to those of a private ferry crossing.

22 (3) The Washington utilities and transportation commission may,  
23 upon written petition of a commercial ferry operator certificated or  
24 applying for certification under chapter 81.84 RCW, and upon notice and  
25 hearing, grant a waiver from the ten-mile restriction. The waiver must  
26 not be detrimental to the public interest. In making a decision to  
27 waive the ten-mile restriction, the commission shall consider, but is  
28 not limited to, the impact of the waiver on transportation congestion  
29 mitigation, air quality improvement, and the overall impact on the  
30 Washington state ferry system. The commission shall act upon a request  
31 for a waiver within ninety days after the conclusion of the hearing.  
32 A waiver is effective for a period of five years from the date of  
33 issuance. At the end of five years the waiver becomes permanent unless  
34 appealed within thirty days by the commission on its own motion, the  
35 department, or an interested party.

36 (4) The department shall not maintain and operate any ferry  
37 crossing or toll bridge over Puget Sound or any of its tributary or

1 connecting waters that would infringe upon any franchise lawfully  
2 issued by the state and in existence and being exercised at the time of  
3 the location of the ferry crossing or toll bridge by the department,  
4 without first acquiring the rights granted to such franchise holder  
5 under the franchise.

6 (5) This section does not apply to the operation of passenger-only  
7 ferry service operated by public transportation benefit areas meeting  
8 the requirements of section 2 of this act or by ferry districts created  
9 under section 10 of this act.

10 **Sec. 6.** RCW 47.64.090 and 1983 c 15 s 27 are each amended to read  
11 as follows:

12 USE OF STATE FERRY FACILITIES. (1) Except as provided in section  
13 4 of this act and subsection (2) of this section, if any party assumes  
14 the operation and maintenance of any ferry or ferry system by rent,  
15 lease, or charter from the department of transportation, such party  
16 shall assume and be bound by all the provisions herein and any  
17 agreement or contract for such operation of any ferry or ferry system  
18 entered into by the department shall provide that the wages to be paid,  
19 hours of employment, working conditions, and seniority rights of  
20 employees will be established by the marine employees' commission in  
21 accordance with the terms and provisions of this chapter and it shall  
22 further provide that all labor disputes shall be adjudicated in  
23 accordance with chapter 47.64 RCW.

24 (2) If a public transportation benefit area meeting the  
25 requirements of section 2 of this act or a ferry district created under  
26 section 10 of this act has voter approval to operate passenger-only  
27 ferry service, it may enter into an agreement with Washington State  
28 Ferries to rent, lease, or purchase passenger-only vessels, related  
29 equipment, or terminal space for purposes of loading and unloading the  
30 passenger-only ferry. A benefit area or ferry district or  
31 subcontractor of that benefit area or ferry district that qualifies  
32 under this subsection is not subject to the restrictions of subsection  
33 (1) of this section, but is subject to the terms of those agreements  
34 and contracts that it or its subcontractor negotiates with its labor  
35 groups. These labor contracts will be conducted in accordance with the  
36 provisions of the public employment relations commission, as provided

1 for in chapter 41.58 RCW, or the National Labor Relations Act, as  
2 appropriate.

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.80 RCW  
4 to read as follows:

5 MOTOR VEHICLE EXCISE TAX AUTHORIZED. (1) Public transportation  
6 benefit areas authorized to implement passenger ferry service under  
7 section 2 of this act whose boundaries (a) are on the Puget Sound, but  
8 (b) do not include an area where a regional transit authority has been  
9 formed, may submit an authorizing proposition to the voters and, if  
10 approved, may levy and collect an excise tax, at a rate approved by the  
11 voters, but not exceeding eighty one-hundredths of one percent on the  
12 value, under chapter 82.44 RCW, of every motor vehicle owned by a  
13 resident of the taxing district, solely for the purpose of providing  
14 passenger ferry service. The tax may be collected only at the time of  
15 vehicle license renewal under chapter 46.16 RCW. The tax will be  
16 imposed on vehicles previously registered in another state or nation  
17 when they are initially registered in this state. In a county imposing  
18 a motor vehicle excise tax surcharge under RCW 81.100.060, the maximum  
19 tax rate under this section must be reduced to a rate equal to eighty  
20 one-hundredths of one percent on the value less the equivalent motor  
21 vehicle excise tax rate of the surcharge imposed under RCW 81.100.060.  
22 This rate does not apply to vehicles licensed under RCW 46.16.070 with  
23 an unladen weight more than six thousand pounds, or to vehicles  
24 licensed under RCW 46.16.079, 46.16.085, or 46.16.090.

25 (2) The department of licensing shall administer and collect the  
26 tax. The department shall deduct a percentage amount, as provided by  
27 contract, not to exceed two percent of the taxes collected, for  
28 administration and collection expenses incurred by it. The remaining  
29 proceeds must be remitted to the custody of the state treasurer for  
30 monthly distribution to the public transportation benefit area.

31 (3) The public transportation benefit area imposing this tax shall  
32 delay the effective date at least six months from the date the fee is  
33 approved by the qualified voters of the authority area to allow the  
34 department of licensing to implement administration and collection of  
35 the tax.

36 (4) Before an authority may impose a tax authorized under this

1 section, the authorization for imposition of the tax must be approved  
2 by a majority of the qualified electors of the authority area voting on  
3 that issue.

4 (5) An authority imposing a tax under subsection (1) of this  
5 section may also impose a sales and use tax solely for the purpose of  
6 providing passenger ferry service, in addition to the tax authorized by  
7 RCW 82.14.030, upon retail car rentals within the authority's  
8 jurisdiction that are taxable by the state under chapters 82.08 and  
9 82.12 RCW. The rate of tax may not exceed 2.172 percent. The rate of  
10 tax imposed under this subsection must bear the same ratio to the 2.172  
11 percent rate authorized that the rate imposed under subsection (1) of  
12 this section bears to the rate authorized under subsection (1) of this  
13 section. The base of the tax is the selling price in the case of a  
14 sales tax or the rental value of the vehicle used in the case of a use  
15 tax. The revenue collected under this subsection must be used in the  
16 same manner as excise taxes under subsection (1) of this section.

17 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.14 RCW  
18 to read as follows:

19 SALES AND USE TAX AUTHORIZATION. Public transportation benefit  
20 areas providing passenger ferry service as provided in section 2 of  
21 this act whose boundaries (1) are on the Puget Sound, but (2) do not  
22 include an area where a regional transit authority has been formed, may  
23 submit an authorizing proposition to the voters and, if approved by a  
24 majority of persons voting, fix and impose a sales and use tax in  
25 accordance with the terms of this chapter, solely for the purpose of  
26 providing passenger ferry service.

27 The tax authorized by this section is in addition to the tax  
28 authorized by RCW 82.14.030 and must be collected from those persons  
29 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
30 the occurrence of a taxable event within the taxing district. The  
31 maximum rate of the tax must be approved by the voters and may not  
32 exceed one percent of the selling price in the case of a sales tax or  
33 value of the article used in the case of a use tax. The maximum rate  
34 of the tax that may be imposed may not exceed nine-tenths of one  
35 percent in a county that imposes a tax under RCW 82.14.340. The  
36 exemptions in RCW 82.08.820 and 82.12.820 are for the state portion of

1 the sales and use tax and do not extend to the tax authorized in this  
2 section.

3 **Sec. 9.** RCW 82.14.050 and 2002 c 56 s 406 are each amended to read  
4 as follows:

5 ADMINISTRATION AND COLLECTION--LOCAL SALES AND USE TAX ACCOUNT.

6 The counties, cities, and transportation authorities under RCW  
7 82.14.045, public facilities districts under chapters 36.100 and 35.57  
8 RCW, public transportation benefit areas under section 8 of this act,  
9 and regional transportation investment districts shall contract, prior  
10 to the effective date of a resolution or ordinance imposing a sales and  
11 use tax, the administration and collection to the state department of  
12 revenue, which shall deduct a percentage amount, as provided by  
13 contract, not to exceed two percent of the taxes collected for  
14 administration and collection expenses incurred by the department. The  
15 remainder of any portion of any tax authorized by this chapter that is  
16 collected by the department of revenue shall be deposited by the state  
17 department of revenue in the local sales and use tax account hereby  
18 created in the state treasury. Moneys in the local sales and use tax  
19 account may be spent only for distribution to counties, cities,  
20 transportation authorities, public facilities districts, public  
21 transportation benefit areas, and regional transportation investment  
22 districts imposing a sales and use tax. All administrative provisions  
23 in chapters 82.03, 82.08, 82.12, and 82.32 RCW, as they now exist or  
24 may hereafter be amended, shall, insofar as they are applicable to  
25 state sales and use taxes, be applicable to taxes imposed pursuant to  
26 this chapter. Except as provided in RCW 43.08.190, all earnings of  
27 investments of balances in the local sales and use tax account shall be  
28 credited to the local sales and use tax account and distributed to the  
29 counties, cities, transportation authorities, public facilities  
30 districts, public transportation benefit areas, and regional  
31 transportation investment districts monthly.

32 NEW SECTION. **Sec. 10.** A new section is added to chapter 36.54 RCW  
33 to read as follows:

34 (1) The establishment of a ferry district to provide passenger  
35 ferry service is authorized for areas bordering the Puget Sound.  
36 Written application for the formation of such a district signed by at

1 least twenty-five percent of the registered voters who reside in the  
2 proposed district, must be filed with the county legislative authority.  
3 The authority shall immediately transmit the application to the proper  
4 registrar of voters for the proposed district who shall check the  
5 names, residence, and registration of the signers with the records of  
6 the office and shall, as soon as possible, certify to the county  
7 legislative authority the number of qualified signers. If the  
8 requisite number of signers is so certified, the authority shall place  
9 the proposition, "Shall a ferry district be established in the  
10 following area to operate ferries between the following termini:  
11 (describing the proposed district and ferry routes)?" upon the ballot  
12 for a vote of the people of the proposed district at the next election,  
13 general or special. If sixty percent of the voters on the proposition  
14 vote in favor of the proposition, the authority shall, by resolution,  
15 declare the district established. If the requisite number of qualified  
16 persons have not signed the application, further signatures may be  
17 added and certified until the requisite number have signed and the  
18 procedure set forth in this subsection then followed.

19 (2) When established, a ferry district is a municipality as defined  
20 by the statutes of the state and is entitled to all the powers  
21 conferred by law and exercised by municipal corporations in this state.  
22 A ferry district may levy a property tax in an amount not to exceed one  
23 dollar and twenty-five cents per thousand dollars of assessed value  
24 against the assessed valuation of the property lying within the  
25 district.

26 (3) A ferry district has the right of eminent domain according to  
27 the laws of the state.

28 (4) A ferry district may operate any vessel over its authorized  
29 routes upon any of the waters of the state that touch any of the area  
30 of the district.

31 NEW SECTION. **Sec. 11.** CAPTIONS NOT LAW. Captions used in this  
32 act are not part of the law.

33 NEW SECTION. **Sec. 12.** SEVERABILITY. If any provision of this act  
34 or its application to any person or circumstance is held invalid, the  
35 remainder of the act or the application of the provision to other  
36 persons or circumstances is not affected.



1        NEW SECTION.    **Sec. 13.** This act is necessary for the immediate  
2 preservation of the public peace, health, or safety, or support of the  
3 state government and its existing public institutions, and takes effect  
4 July 1, 2003."

**SSB 5850 - S AMD 159**

By Senators Oke, Poulsen, B. Sheldon, T. Sheldon

**ADOPTED AS AMENDED 03/13/2003**

5        In line 1 of the title, after "service;" strike the remainder of  
6 the title and insert "amending RCW 47.60.120, 47.64.090, and 82.14.050;  
7 adding new sections to chapter 36.57A RCW; adding a new section to  
8 chapter 47.52 RCW; adding a new section to chapter 82.80 RCW; adding a  
9 new section to chapter 82.14 RCW; adding a new section to chapter 36.54  
10 RCW; creating new sections; providing an effective date; and declaring  
11 an emergency."

EFFECT: In addition to public transportation benefit areas, ferry  
districts may be established, subject to voter approval, to provide  
passenger ferry service.

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