

HOUSE BILL REPORT

ESHB 1853

As Passed House:

March 31, 2003

Title: An act relating to improvement of passenger ferry service.

Brief Description: Providing passenger ferry service.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Rockefeller, Woods, Haigh, Morris, Quall and Lantz).

Brief History:

Committee Activity:

Transportation: 3/5/03, 3/14/03 [DPS].

Floor Activity:

Passed House: 3/31/03, 96-0.

Brief Summary of Engrossed Substitute Bill

- Authorizes Public Transportation Benefit Areas (PTBAs) on Puget Sound to operate passenger-only ferries.
- Grants PTBAs voter approved tax authority for passenger-only ferries (0.4 percent sales tax and 0.4 percent motor vehicle excise tax).
- Authorizes King County to form a county ferry district and impose an up to 75 cents per thousand property tax within the district to operate passenger-only ferries.
- Authorizes new public passenger-only ferry service providers to use State ferry system facilities under certain conditions.
- Modifies restrictions on the Utilities and Transportation Commission granting authority for new private passenger ferry operating rights.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Clibborn, Dickerson,

Flannigan, Hankins, Hatfield, Hudgins, Kristiansen, Lovick, Mielke, Morris, Romero, Schindler, Shabro, Sullivan, Wallace and Woods.

Minority Report: Do not pass. Signed by 2 members: Representatives Cooper and Wood.

Staff: Gene Baxstrom (786-7303).

Background:

Public Transportation Benefit Areas (PTBAs) are organized to provide public transit services. PTBAs may include a portion of a county, an entire county, or more than one county. To provide its transit services, PTBAs may impose up to 0.9 percent sales tax, or a business and occupation tax and a \$1 per month housing unit excise tax.

Currently passenger-only ferry (POF) service from Seattle to Bremerton and Seattle to Vashon is provided by the Washington State Ferry System (WSF). However, the WSF has proposed elimination of this POF service.

Ferries, other than those operated by the WSF, are prohibited from crossing the Puget Sound or any of its tributary or connecting waters within 10 miles of a route served by the WSF, but the Washington Utilities and Transportation Commission (WUTC) may grant a waiver from this restriction. Also, private operators of ferry service must first obtain a certificate of public convenience and necessity from the WUTC before operating such service.

Summary of Engrossed Substitute Bill:

Public Transportation Benefit Areas (PTBAs) with a boundary on the Puget Sound may operate passenger-only ferries (POFs). Eligible PTBAs proposing services must first develop a passenger ferry investment plan, which identifies terminal locations served, projected costs of providing services, revenues generated from tolls, locally collected tax revenues, and other revenue sources.

A PTBA may, as part of its POF investment plan, recommend some or all of the following revenue sources: (1) A sales and use tax of up to 0.4 percent and a motor vehicle excise tax of up to 0.4 percent; (2) tolls for passengers and parking; and (3) charges or license fees for advertising or leasing space for services to ferry passengers. Voter approval of the passenger ferry investment plan, including proposed taxes, is required.

The legislative authority of any county with a population greater than one million persons may create a passenger-only ferry district. The district is a municipal corporation and the

county legislative authority, acting ex officio, is the district's governing body. The district may levy a property tax of up to 75 cents per \$1,000 of assessed valuation for ferry district purposes.

The Washington State Department of Transportation (WSDOT) may enter into contracts with the PTBAs and county ferry districts to transfer passenger ferry vessels and associated properties, in exchange for those agencies assuming all future maintenance and operation costs of the vessels and facilities. The contract must provide that the vessels and properties revert to the WSDOT if they are not properly maintained or used for providing POF service.

PTBAs and county ferry districts that operate POF service may rent, lease, or purchase passenger-only vessels, related equipment, or terminal space from WSF for loading and unloading ferries. They are not subject to the WSF's contractual labor obligations. However, a PTBA is subject to the terms of the contracts it negotiates with bargaining representatives of its or its subcontractors in accordance with the Public Employees Relations Commission or the National Labor Relations Act. County ferry districts are subject to those same labor requirements, must give preferential hiring to former employees of the WSDOT who were displaced when state POF service was terminated, and must provide for questions concerning collective bargaining representation of their employees to be determined by conducting a card cross-check.

Passenger-only ferry service operated by a PTBA or a county ferry district is not bound by the 10 mile restriction and therefore does not need to apply for a waiver from the WUTC.

The WUTC is to take into account public agencies operating or eligible to operate POF services when granting certificates of public convenience and necessity for private ferry operators. The WUTC is prohibited, until March 1, 2005, from granting new passenger-only certificates to private ferry operators where PTBAs or county ferry districts are authorized to operate POF service. Affected PTBAs may waive that prohibition in which case the WUTC may grant certificates. The WUTC may revoke a certificate if the private operator has not initiated service within 20 months after being granted the certificate.

The definition of public transportation service is expanded to include POF service, affecting PTBA authority to preclude other operators of POF service within the PTBAs service area and the responsibility for the PTBA to acquire other POF operations within its boundaries when it begins operations.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The state ferry system has announced that it intends to eliminate passenger-only ferry service to Bremerton. Such service is vital to local redevelopment plans in Bremerton and to many residents in Kitsap county. This legislation enables the citizens of the county to provide for improved passenger-only service by authorizing Kitsap Transit to provide such ferry service and allowing citizens to vote for local taxes to support that service. The service envisioned is smaller, faster boats operating with increased frequency, much like bus service.

Testimony Against: None.

Testified: (In support) Representative Rockefeller, prime sponsor; and Dick Hayes and Will Maupin, Kitsap Transit.

(In support of substitute bill) Jim Boldt, Clipper Navigation.

(Comments only) Cary Bozeman, Mayor, City of Bremerton; Chris Endresen, Kitsap County Commissioner; and Mike Thorne, Washington State Ferries and Department of Transportation.