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**Transportation Committee**

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**HB 1853**

**Brief Description:** Improving passenger ferry service.

**Sponsors:** Representatives Rockefeller, Woods, Haigh, Morris, Quall and Lantz.

**Brief Summary of Bill**

- Authorizes Public Transportation Benefit Areas (transit agencies) on Puget Sound to operate passenger-only ferries.
- Grants high capacity transportation tax authority for passenger only ferries (sales tax, motor vehicle excise tax, employer tax).

**Hearing Date:** 3/5/03

**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 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 passenger-only ferry 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 ten miles of a route served by the WSF, but the Washington Utilities and Transportation Commission may grant a waiver from this restriction.

**Summary of Bill:**

PTBAs with a boundary on the Puget Sound may operate passenger ferries. Eligible PTBAs must 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. Additionally, a high capacity transportation system is defined to include passenger only ferry service. PTBAs newly eligible to impose high capacity transportation taxes are authorized to implement high capacity transportation systems only for passenger only ferry service.

A PTBA may, as part of its passenger ferry investment plan, recommend some or all of the following revenue sources: (1) high capacity transportation taxes (motor vehicle tax up to .8 percent, sales and use tax up to .9 percent, and an employer tax of up to \$2 per month per employee); (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.

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

PTBAs that operate passenger ferry service may rent, lease, or purchase passenger-only vessels, related equipment, or terminal space from WSF for loading and unloading ferries. These PTBAs are not subject to the WSF's contractual obligations. However, those PTBAs are subject to the terms of the contracts it negotiates with affected labor groups.

A PTBA that is authorized to operate passenger ferry service is not bound by the ten-mile restriction and therefore does not need to apply for a waiver.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2003.