

# HOUSE BILL REPORT

## HB 1853

---

---

**As Reported by House Committee On:**  
Transportation

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

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

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

**Brief History:**

**Committee Activity:**

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

**Brief Summary of Substitute Bill**

- Authorizes Public Transportation Benefit Areas (PTBAs) on Puget Sound to operate passenger-only ferries.
- Grants PTBAs tax authority for passenger-only ferries (0.9 percent sales tax and 0.81 percent motor vehicle excise tax).

---

### 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 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 10 miles of a route served by the WSF, but the Washington Utilities and Transportation Commission (UTC) may grant a waiver from this restriction.

---

### **Summary of Substitute Bill:**

PTBAs with a boundary on the Puget Sound may operate passenger-only ferries. 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 passenger ferry investment plan, recommend some or all of the following revenue sources: (1) A sales and use tax of up to 0.9 percent and a motor vehicle excise tax of up to 0.81 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 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 provide that the vessels and properties revert to the WSDOT if they are not properly maintained or used for providing passenger ferry service.

PTBAs that operate passenger-only 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, 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.

A PTBA that is authorized to operate passenger-only ferry service is not bound by the 10 mile restriction and therefore does not need to apply for a waiver from the UTC.

## **Substitute Bill Compared to Original Bill:**

PTBAs duties are expanded to permit them to develop passenger-only ferry service and are authorized new authority for a sales and use tax and a motor vehicle excise tax to fund that service. The original bill granted the funding of passenger-only ferry service to PTBAs by expanding the definition of high capacity transportation to include passenger-only ferry service, and then extending the authority to develop high capacity transportation systems to PTBAs bordering the Puget Sound. High capacity transportation tax options may be implemented up to: 1.0 percent sales tax; 0.8 percent motor vehicle excise tax; and \$2 per month employee tax. An additional sales tax on rental cars, which is included in the motor vehicle excise tax authorization for high capacity transportation, is deleted from the motor vehicle excise tax option for PTBAs.

Language concerning labor agreements for vessels and terminals that were part of the state passenger-only ferry system is clarified so that the PTBA or its subcontractors must negotiate with the bargaining representatives of its or its subcontractors.

---

**Appropriation:** None.

**Fiscal Note:** Available.

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

**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.

