

# SENATE BILL REPORT

## SB 5850

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As Reported By Senate Committee On:  
Highways & Transportation, March 4, 2003

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

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

**Sponsors:** Senators Oke, B. Sheldon, T. Sheldon, Poulsen, Kohl-Welles and McAuliffe.

**Brief History:**

**Committee Activity:** Highways & Transportation: 2/20/03, 3/4/03 [DPS].

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### SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5850 be substituted therefor, and the substitute bill do pass.

Signed by Senators Horn, Chair; Swecker, Vice Chair; Esser, Finkbeiner, Haugen, Jacobsen, Kastama, Oke, Prentice and Spanel.

**Staff:** Tami Neilson (786-7452)

**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 multiple neighboring counties. To provide its transit service, PTBAs may impose the following taxes: (1) a sales and use tax up to .9 percent; (2) a business and occupation tax; and (3) 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, WSF has developed a plan that would eliminate its operation of passenger-only ferry service.

Ferries, other than those operated by WSF, are prohibited from crossing the Puget Sound or any of its tributary or connecting waters within ten miles of a route served by WSF, but the Washington Utilities and Transportation Commission may grant a waiver from this restriction.

Additionally, if any party assumes the operation and maintenance of any ferry or ferry system by rent, lease, or charter from the Washington State Department of Transportation (WSDOT), it is bound by WSDOT's contractual obligations, including existing labor contracts.

**Summary of Substitute 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.

Passenger Ferry Investment Plan and Taxes. A PTBA may, as part of its passenger ferry investment plan, recommend some or all of the following revenue sources: (1) a motor vehicle tax up to .8 percent; (2) an additional sales and use tax up to .9 percent; (3) tolls for passengers and parking; and (4) charges or license fees for advertising or leasing space for services to ferry passengers. The motor vehicle excise tax may only be collected upon vehicle license renewal. However, the motor vehicle excise tax and sales and use tax may not be imposed by PTBAs whose boundaries include an area where a regional transit authority has been formed.

Voter approval of the passenger ferry investment plan, including proposed taxes, is required.

Transfer of Ferry Vessels and Related Properties. 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 WSDOT if the vessels are not used for providing passenger ferry service.

Ten-Mile Rule Exemption. 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.

Use of State Ferry Facilities. 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, such PTBAs are subject to the terms of the contracts it negotiates with its labor groups. Labor contracts will be conducted in accordance with the Public Employment Relations Commission or the National Labor Relations Act.

**Substitute Bill Compared to Original Bill:** Technical changes were made. Additionally, PTBAs operating passenger-only ferry service are not considered to be high capacity transportation systems. The PTBAs may not use the employer tax, as in the original bill. Labor contracts are to be conducted in accordance with Public Employment Relations Commission or the National Labor Relations Act.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The loss of passenger-only ferry service is devastating to those who live in Bremerton. Bremerton and Kingston need passenger-only ferry service to Seattle to support economic development. The passenger-only ferry service could be expanded, and there would be job growth. Passenger-only ferries reduce vehicular traffic and congestion.

**Testimony Against (Concerns):** If the Washington State Ferry System were to sell its boats, it could invest those funds in capital improvements.

**Testified:** PRO: Senator Bob Oke, prime sponsor; Dick Hayes, Kitsap Transit; Will Maupin, Kitsap Transit, City of Bremerton; Sonny Woodward, Kingston Chamber of

Commerce; Tom Waggoner, Kingston Chamber of Commerce; Zoltan Szigethy, Kitsap Region Economic Development Council; Tim Arnold, citizen; Jim Boldt, Clipper Navigation / Washington State Auto Dealers; CONCERNS: Mike Thorne, Washington State Ferry System.