

SENATE BILL REPORT

ESSB 6787

As Passed Senate, February 22, 2006

Title: An act relating to local government passenger ferry service funding.

Brief Description: Providing funding for local government passenger ferry service.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Poulsen, Haugen and Oke).

Brief History:

Committee Activity: Transportation: 1/30/06, 2/1/06 [DP-WM, DNP, w/oRec].
Ways & Means: 2/7/06, 2/16/06 [DPS, DNP, w/oRec].
Passed Senate: 2/22/06, 46-1.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chair; Jacobsen, Vice Chair; Benson, Ranking Minority Member; Berkey, Eide, Finkbeiner, Kastama, Oke, Spanel and Swecker.

Minority Report: Do not pass.

Signed by Senators Poulsen, Vice Chair; Benton, Mulliken and Weinstein.

Minority Report: That it be referred without recommendation.

Signed by Senator Esser.

Staff: Kim Johnson (786-7346)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6787 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair, Operating Budget; Brandland, Fairley, Parlette, Pridemore, Rasmussen, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senator Zarelli, Ranking Minority Member.

Minority Report: That it be referred without recommendation.

Signed by Senators Roach and Schoesler.

Staff: Dean Carlson (786-7305)

Background: In general, fuel used for purposes other than for the propulsion of a motor vehicle on public highways is not subject to the state motor vehicle fuel tax or special fuel tax. However, such fuel is subject to the state retail sales and use tax. The Washington State

Ferry System (WSF) currently pays the state retail sales and tax on the fuel used for propelling ferries.

There are currently four counties that operate ferries: Skagit, Pierce, Whatcom, and Wahkiakum.

The WSF currently operates a passenger-only ferry route between Vashon Island and Seattle.

Summary of Bill: The Department of Transportation (WSDOT) is required to notify the State Treasurer of the amount of state sales and use tax paid by the WSF on the purchase of fuel for the preceding calendar quarter. The State Treasurer is required to transfer quarterly an amount equal to the amount indicated by the WSDOT into the passenger ferry account.

By April 1, 2007, WSDOT is required to sell or otherwise dispose of the state passenger ferries Snohomish and Chinook and deposit the proceeds of the sales into the passenger ferry account.

King County may assume passenger-only ferry service among Southworth, Vashon, and Seattle if it creates a ferry district and provides passenger-only service at a level that meets or exceeds existing service.

The County Road Administration Board (CRAB) is required to establish a local government ferry grant program. Eligible for the grants are counties, county ferry districts, and/or a public transportation benefit district operating or contracting for ferry service. Also eligible is the Washington Ferry Systems operation of the Vashon to Seattle passenger only ferry route. Priority must be given to grant applicants that provide continuity of existing passenger-only service and provide local or federal matching funds.

County ferry district statutes are broadened so that they may be formed in any county. In addition, the county ferry district statutes apply to all ferries and not just passenger-only ferries.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Transportation): This bill provides a much needed stable funding source for passenger only ferry service. The State and its citizens can benefit most from a collaborative effort between local governments and private operators of passenger only service. WSF's larger vessels are inefficient and provide a larger wake. Small vessels are more practical and less costly to operate. Local control provides the greatest flexibility in providing service where it is needed most.

Testimony Against (Transportation): None.

Testimony Other (Transportation): Vashon needs continuing service. This bill gets WSF out of the passenger only ferry business entirely and we are concerned that private service will not be as reliable as state service. Any savings in operations will likely come from non-union

level wages and benefits. Vashon has a small population and we don't have anyone to write grants for us to compete for the funds available in the grant program. Consistent funding is a problem and the WSF could use the funding sources provided in the bill to help sustain its capital program. King County is offering the WSF 2.2 million dollars for the triangle route and we think we should not pass up the offer of these funds.

Who Testified (Transportation): PRO: John Blackman, Aqua Express; Beverly Kincaid, MTAK; Greg Dronkert, Kitsap Ferry Co.; Tom Waggoner, Kingston Chamber of Commerce.

OTHER: Matthew Bergman, Passenger Only Ferry Task Force; Vickie Mercer, Vashon Community Council.

Testimony For (Ways & Means): We have worked tirelessly to secure consistent, reliable, and permanent passenger only ferry service for our citizens. Our efforts have been rewarded by federal support. This is a cost effective and environmentally friendly mode of transportation. Three times the legislature has agreed with the citizens that passenger ferry service is an essential part of our community and regional economy. We need this to help move the 1.7 million new residents coming to Puget sound over the next 30 years.

Testimony Against (Ways & Means): We believe if state funds are to be used for passenger only ferry service it should be done by Washington State Ferries. The same people who wanted no state participation in the passenger ferry service are now asking for state dollars.

Who Testified (Ways & Means): PRO: Chris Endresen, Kitsap County.

CON: Gordon Baxter, IBU, MM&P, MEBA, PSMTTC.

House Amendment(s): The requirement that the sales tax from WSF's fuel costs be transferred into the Passenger Ferry Account (PFA) is removed. DOT is removed as eligible for PFA ferry grants. Administration of the grant program is moved from CRAB to DOT.

DOT is directed to continue the Vashon to Seattle POF service until it is assumed by a county ferry district. Counties wishing to assume the Vashon to Seattle POF service must submit a business plan to the Legislature and the Governor. If the Governor approves the business plan, the county ferry district is eligible for grant funding and the DOT is directed to sell its two POF fast ferries. A county ferry district assuming the Vashon to Seattle POF route must honor existing labor agreements, may not contract out operations, and must begin operations July 1, 2007.

Before seeking grant funding for the Kingston to Seattle POF route, the PTBA must receive governor approval on a business plan submitted to the Legislature and the Governor.

The Office of Financial Management is directed to contract to develop a non-state government operated back-up plan for continuing service on the Vashon to Seattle POF route.

DOT is directed to collaborate with new and potential POF service providers for terminal operations at its terminal facilities.