

HOUSE BILL REPORT

SSB 5207

As Reported by House Committee On: Transportation

Title: An act relating to a study to evaluate the imposition of a fee on the processing of shipping containers, port-related user fees, and other funding mechanisms to improve freight corridors.

Brief Description: Concerning a study to evaluate the imposition of a fee on the processing of shipping containers, port-related user fees, and other funding mechanisms to improve freight corridors; creating the freight congestion relief account.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen, Murray and Spanel).

Brief History:

Committee Activity:

Transportation: 3/26/07, 3/28/07 [DPA].

Brief Summary of Substitute Bill (As Amended by House Committee)

- Directs the Joint Transportation Committee to administer a consultant study of freight congestion relief options.
- Convenes a stakeholder group to work with the consultant.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 17 members: Representatives Clibborn, Chair; Flannigan, Vice Chair; Jarrett, Ranking Minority Member; Appleton, Campbell, Dickerson, Eddy, Hudgins, Lovick, Rodne, Simpson, Springer, B. Sullivan, Takko, Upthegrove, Wallace and Wood.

Minority Report: Do not pass. Signed by 8 members: Representatives Schindler, Assistant Ranking Minority Member; Armstrong, Curtis, Ericksen, Hailey, Hankins, Kristiansen and Rolfes.

Staff: Jerry Long (786-7306).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Washington has 11 deep draft ports, of which seven are on Puget Sound. Washington handles 7 percent of the U.S. exports and 6 percent of the U.S. imports. The majority of the freight arrives and departs using either commercial trucks and/or rail facilities. Based on the 2004 Marine Cargo Forecast, the total Puget Sound container trade is up 241 percent since 1982. Most cargo currently comes in boxes. The seaports measure the amount of freight coming across their terminals in a 20-foot equivalent unit (TEU). The majority of the containers that you use for shipping are actually 40-foot containers, so each one is measured as two TEUs. It is estimated that in calendar year 2008, there will be approximately 4.2 million TEU cargo containers. For calendar years 2008 through 2010, the growth rate for containers would be 4.1 percent and 3.9 percent for 2011 through 2013.

Summary of Amended Bill:

The Joint Transportation Committee (JTC) is directed to study container fees, port-related user fees, and other funding mechanisms as a means to fund freight infrastructure improvements. The findings and recommendations of the study must be submitted to the transportation committees of the Legislature by December 1, 2007. The study is subject to appropriation.

The Freight Congestion Relief Account (Account) is created in the State Treasury and will receive 100 percent of its interest earnings. Any money in the Account can only be spent after appropriation and must be used to provide congestion relief through the improvement of freight rail systems and state highways that function as freight corridors.

Future funding must, at a minimum, include funding for the following projects: State Route 519 and associated access to the Port of Seattle; SR 509 connection to Interstate 5 bypassing Sea-Tac Airport; SR 167 Port of Tacoma access to I-5, and SR 167 new alignment in Pierce County; I-90 Snoqualmie Pass; grade separations in the East Spokane Valley; increased capacity of Stampede Pass rail corridor; and other bottlenecks and choke points along mainline rail routes.

Amended Bill Compared to Substitute Bill:

The Senate amended bill directed the JTC to administer a consultant study on container fees, port-related user fees, and other funding mechanisms as a means to fund freight infrastructure improvements. The findings and recommendations of the study must be submitted to the transportation committees of the Legislature by December 1, 2007. The study is subject to appropriation.

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The House substitute bill directs the JTC to administer a consultant study of alternative funding mechanisms to fund freight congestion relief investments. The study must evaluate potential funding sources for off-marine terminal infrastructure projects; analyze current taxes and fees paid by the freight industry and the projects those taxes and fees fund; assess other non-freight related fees and taxes that could be used to pay for freight congestion relief investments; assess how other states and countries pay for freight congestion relief investments; and discuss how the different proposals would impact Washington's competitiveness in freight movement.

The JTC will convene a stakeholder group to work with the consultant which will include: two representatives from container ports; one representative from trucking; one representative from railroads; one representative from international shipping; one representative from national shipping; two representatives from organized labor; two representatives from the import/export community; one representative from the Department of Transportation; one representative from the Freight Mobility Strategic Investment Board; and other representatives deemed necessary by the JTC.

The draft report must be submitted to the transportation committees of the Legislature by December 15, 2007, with the final findings and recommendations due prior to the start of the 2008 legislative session.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The bill is a good starting point, but should be broader and not so focused on establishing container fees. Just looking at container fees will hurt Washington's competitiveness, since other states and Canada are major competitors in attracting shipping containers to be imported and exported through their ports. A container fee could hurt future exports and imports for the state.

The container ports are in favor of a study, but they recommend a broad perspective with a stakeholder group to work with the consultant. The study needs to look at multiple revenue options for funding freight congestion relief investments and not just a container fee. Jobs

depend on container movement and fees are a factor in keeping competitive with other ports. Presently the Seattle and Tacoma ports generate 307,000 jobs and \$309 million in annual state and local tax revenues.

A striker to Substitute Senate Bill 5207 is recommended that looks at freight congestion relief investments and different funding options.

(Concerns) The original bill is not broad enough and only looks at container fees. The bill needs to look at multiple revenue options for funding freight congestion relief investments. The options need to be reviewed taking into consideration the impacts to Washington competitiveness in the industry. The freight projects in the original bill should not be held up waiting for new revenue.

Persons Testifying: (In support) Bill Stauffacher, Burlington Northern Santa Fe Railway; Jim Halstrom, Washington State Horticulture Association; Gordon Baxter, International Longshore Warehouse Union, Marine Engineers Beneficial Association, Inland Boatman's Union, and Master's, Mates and Pilots; and Jan Gee, Washington Food Industry.

(Concerns) Sean Eagan, Port of Tacoma; and Terry Finn, Port of Seattle.

Persons Signed In To Testify But Not Testifying: None.