

SENATE BILL REPORT

2ESSB 5742

As Passed Senate, May 12, 2011

Title: An act relating to the Washington state ferry system.

Brief Description: Concerning the Washington state ferry system.

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

Brief History:

Committee Activity: Transportation: 2/17/11, 2/24/11 [DPS].

Passed Senate: 4/11/11, 36-10.

Passed House: 4/22/11, 76-20.

First Special Session: Passed Senate: 5/12/11, 34-10.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5742 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; White, Vice Chair; King, Ranking Minority Member; Fain, Assistant Ranking Minority Member; Delvin, Eide, Hill, Hobbs, Litzow, Nelson, Prentice, Ranker, Sheldon, Shin and Swecker.

Staff: Janice Baumgardt (786-7319)

Background: The Transportation Commission (Commission) adopts Washington State Ferries' (WSF) fares and pricing policies by rule.

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. Fuel used for urban passenger transportation systems and fuel used for passenger-only-ferry services are exempt from the state retail and use tax as well.

Washington State Department of Transportation's public works projects estimated to cost \$2 million or more must require the contractor to have a minimum of 15 percent of the work performed by apprentices.

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.

The Marine Employees Commission (MEC) is the agency that processes grievances for the WSF unions and provides arbitration services. In grievance arbitration, the employee organization determines whether the issue will be resolved through arbitration.

Summary of Second Engrossed Substitute Bill: The Capital Vessel Replacement Account (CVRA) is created. The Commission must impose a \$0.25 surcharge on every ferry fare sold; the proceeds of which are deposited into the CVRA. Expenditures from the CVRA must be by appropriation and may only be for the construction or purchase of ferry vessels. Surcharge revenues are to be first used to support the construction or purchase of a ferry vessel with a carrying capacity of at least 144 cards.

Effective July 1, 2013, fuel purchased for WSF and county ferry vessels are exempt from the state retail and use tax.

Employee rights as they relate to collective bargaining are defined. Effective July 1, 2013, WSF captains are part of management and may be in their own union. Captains duties are defined.

Performance measures are defined. An ad hoc committee is established and directed to establish performance targets. The Office of Financial Management will report to the Legislature on whether targets are met. If at least 80 percent of each target is not met by June 30, 2013, a governor's management representative is to be appointed to develop a 12-month corrective action plan, and the department is to solicit requests for qualifications regarding the skills and costs associated with privatizing the management functions of the WSF. If the Governor and Transportation Committees opt to competitively contract out the management functions, a selection process and contractual requirements for a private management services firm are outlined. Defined performance measures must be included in the department's attainment report.

Effective July 1, 2011, the MEC is created within the Public Employment Relations Committee (PERC). For the 2011-13 biennium, all process and procedures will be handled according to PERC processes in place and appeals will be handled by MEC. Effective July 1, 2013, MEC is dissolved.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:
PRO: This is one of the three pieces of legislation (funding, management, and labor reforms) needed to get WSF on the right track, and is a down payment on the capital needs. The tax exemption on WSF fuel is long time coming and will help reduce operating costs.

Persons Testifying: PRO: Dave Hoogerwerf, Walt Elliott, Executive Council, Ferry Advisory Committees; David Moseley, WSF.