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## Transportation Committee

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### HB 1975

**Brief Description:** Authorizing bonds for the financing of the Columbia river crossing project.

**Sponsors:** Representatives Moeller and Wylie.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Authorizes the sale of \$450 million in general obligation or revenue bonds for the purposes of the Columbia River Crossing project.</li></ul>
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**Hearing Date:** 4/19/13

**Staff:** Mark Matteson (786-7145).

**Background:**

The Interstate 5 (I-5) Bridge crosses the Columbia River and connects Vancouver, Washington, and Portland, Oregon, with two identical bridge structures. One bridge structure carries traffic northbound to Vancouver, and the other bridge structure carries traffic southbound to Portland. The northbound bridge was built in 1917, and the southbound bridge was built in 1958. The Columbia River Crossing (CRC) project, as described in the record of decision, includes the replacement of the I-5 bridges, the extension of light rail to Vancouver, the improvement of closely spaced interchanges, and the enhancement of the pedestrian and bicycle paths. The estimated project costs range from \$3.1 billion to \$3.5 billion.

In 2012 the Legislature authorized the tolling of the existing and replacement I-5 Columbia River bridges. The Legislature also designated the CRC project as an eligible toll facility, defined the parameters of the project area, and capped the cost of the project at \$3.413 billion. A new account, the Columbia River Crossing Project Account, was set up to receive revenues connected to the project. In addition, the Washington State Transportation Commission was authorized to enter into agreements with the Oregon State Transportation Commission regarding the mutual or joint setting, adjustment, and review of toll rates.

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*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 State of Washington issues general obligation (GO) bonds to finance projects authorized in the capital and transportation budgets. The GO bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of the GO bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

The State may also issue revenue bonds to finance projects authorized in the capital and transportation budgets. Revenue bonds are backed not by the full faith and credit and taxing power of the state, but rather solely by the revenue or revenues to be used for debt service. Revenue bonds are considered riskier than the GO bonds and, when sold, receive typically higher interest rates to compensate the bondholders for the risk. Legislation authorizing the issuance of revenue bonds requires a simple majority vote in both bodies of the Legislature.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the State General Fund and deposits them into the bond retirement funds. The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for the issuance of all state bonds.

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. The TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets. On October 25, 2012, the Washington State Department of Transportation signed an agreement to receive \$300 million in TIFIA credit assistance for the State Route 520 floating bridge and landings replacement project. The authority to receive the loan is considered covered by the bond authority authorized by the Legislature for the facility.

**Summary of Bill:**

The State Finance Committee is authorized to issue \$450 million in state GO bonds to finance the CRC project. The Committee is also given the authority to issue toll revenue bonds in lieu of the GO bonds. Proceeds from either type of bond sale must be deposited to the CRC Project Account and used for the location, design, right-of-way, and construction of the CRC project. Proceeds may be used to repay the Motor Vehicle Fund (MVF) for moneys that had been advanced from the MVF for the purposes of the project.

**Appropriation:** None.

**Fiscal Note:** Fiscal note on original bill available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except section 11, which takes effect if the requirements set out in section 7, Chapter 36, Laws of 2012 are met.