

HOUSE BILL REPORT

HB 1975

As Reported by House Committee On: Transportation

Title: An act relating to the authorization of bonds for the financing of the Columbia river crossing project.

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

Sponsors: Representatives Moeller and Wylie.

Brief History:

Committee Activity:

Transportation: 4/19/13, 4/22/13 [DPS].

Brief Summary of Substitute Bill

- Authorizes the State Finance Committee to issue up to \$650 million in toll revenue bonds to help finance the Columbia River Crossing (CRC) project on Interstate 5.
- Resets the authority for the Washington State Transportation Commission to set, adjust, and review toll rates for tolls on the CRC.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist, Farrell, Fitzgibbon, Habib, Moeller, Morris, Riccelli, Ryu, Sells, Takko, Tarleton and Upthegrove.

Minority Report: Do not pass. Signed by 12 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel, Hayes, Johnson, Klippert, Kochmar, O'Ban, Rodne, Shea and Zeiger.

Staff: Mark Matteson (786-7145).

Background:

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 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 CRC Project Account, was set up to receive revenues connected to the project. In addition, the Washington State Transportation Commission (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.

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 appropriate capital account and deposits them into the bond retirement funds. The State Finance Committee (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 Substitute Bill:

The Committee is authorized to issue \$650 million in toll revenue bonds to finance the CRC project; no authority is provided for the issuance of GO bonds. Proceeds of the bond sales 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.

The authority for the Transportation Commission to set, adjust, and review toll rates for the CRC is reestablished.

Substitute Bill Compared to Original Bill:

The substitute bill removes the authority for the Committee to issue \$450 million in GO bonds for the financing of the CRC project. The substitute bill provides the Committee the authority to issue \$650 million in toll revenue bonds for the same purposes. The substitute bill reestablishes the authority of the Transportation Commission to set, adjust, and review toll rates for the CRC.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 7 relating to the CRC Project Account, which takes effect if the requirements set out in section 7, Chapter 36, Laws of 2012, are met.

Staff Summary of Public Testimony:

(In support) Clark County is one of the fastest growing counties in the state and it is essential that the infrastructure grow with it. It is important to invest in green and innovative technologies such as light rail, which will save commuters money and create a sustainable environment for youth. In Portland, over a quarter of light rail riders use it to go to school. Light rail is an inexpensive alternative to people who cannot or do not own cars. The CRC project is too important not to invest in light rail.

Legacy Health supports the CRC project. The two main concerns for Legacy Health is safety and trip predictability. The bridge has narrow lanes, no shoulders, and twice the rate of accidents as a similar corridor; there are patients from these accidents on the other side of the river. Regarding trip predictability, Legacy Health is a major nonprofit health provider, and they move doctors and patients across the river regularly. There are times that doctors from the children's hospital cannot get over to children needing care in Vancouver.

(Opposed) It should not be the purpose of this body to create density, but rather to buy down the backlog of projects. The money that is being used for the ferry system could be used for bridges. The state cannot afford more debt. Remove the bonds for the CRC project. Not all of the public believes that transit is the wave of the future, especially when the system has no flexibility for some passengers. A number of seniors will not be able to use this. A huge amount of budget expenses should not be tied up in something that the Legislature cannot undo in the future, especially in light of the needs of senior citizens. Bring it back with a new design without light rail and Clark County citizens will support it. A light rail that is only 2.3 miles, that goes from the college to Hayden Island, is not an efficient use of public funds. Clark County has a lot of unemployment. It also has a number of people who work in Portland. These people will be the ones paying the tolls on a regular basis, not the other way around.

The citizens of Clark County have voted against light rail several times. Please go back to the drawing board.

Persons Testifying: (In support) Dylan Kuester; Casey Decker; and Bill Stauffacher and Brian Willoughby, Legacy Health.

(Opposed) Carolyn Crain; John Worthington; Paul Locke; and Penny Ross.

Persons Signed In To Testify But Not Testifying: None.