

HOUSE BILL REPORT

HB 2267

As Reported by House Committee On: Transportation

Title: An act relating to creating passenger-only ferry service districts.

Brief Description: Creating passenger-only ferry service districts.

Sponsors: Representatives Hansen and Seaquist.

Brief History:

Committee Activity:

Transportation: 1/22/14, 1/29/14, 1/30/14, 2/4/14 [DPS].

Brief Summary of Substitute Bill

- Allows public transportation benefit areas to establish a passenger-only ferry district as a separate entity with independent taxing, spending, operating, and bonding authority.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Bergquist, Fitzgibbon, Freeman, Habib, Johnson, Klippert, Kochmar, Moeller, Morris, Muri, Ortiz-Self, Riccelli, Ryu, Sells, Takko, Tarleton, Walkinshaw, Young and Zeiger.

Minority Report: Do not pass. Signed by 8 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Hawkins, Hayes, Pike, Rodne and Shea.

Staff: David Munnecke (786-7315).

Background:

A public transportation benefit area (PTBA) is a special-purpose district authorized to provide public transportation service within all or a portion of a county or counties.

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.

Generally speaking, "public transportation service" means the transportation of packages, passengers, and their incidental baggage by means other than by chartered bus or sight-seeing bus, together with the terminals and parking facilities necessary for passenger and vehicular access to and from such systems. It also means passenger-only ferry service for those PTBAs eligible to provide passenger-only ferry service. A PTBA may collect fares for service and, with approval of the majority of the voters within the area, impose up to a 0.9 percent sales and use tax within the area.

The PTBA is the most common type of district providing public transportation service in the state, with 20 currently in existence.

Summary of Substitute Bill:

The governing body of a PTBA may establish one or more passenger-only ferry districts (District) within the boundaries of the PTBA. The boundaries of a District may include all or a portion of a city or town if the portion to be included in the District is within the PTBA's boundaries.

A District is a quasi-municipal corporation and independent taxing authority with all the usual powers of such a corporation, and is governed by the existing governing body of the PTBA that creates the District. A District is authorized to establish, finance, and provide passenger-only ferry (POF) service and associated services that support and augment such service in the same manner as a PTBA. The District also has specific authority to enter into contracts for POF service, public-private partnerships, and design-build, general contractor/construction management, or other alternative procurement processes consistent with chapter 39.10 RCW.

Prior to providing POF service, a District must develop a POF investment plan. The POF investment plan must address the following elements:

- operate or contract for the operation of POF services;
- purchase, lease, or rent ferry vessels and dock facilities;
- other activities necessary to implement the plan;
- terminal locations to be served;
- projected costs of providing POF service; and
- revenues to be generated from tolls, taxes, and other revenue sources.

A District may recommend the following revenue sources as part of a POF investment plan, which may only be used to implement the plan:

- a sales and use tax of up to six-tenths of 1 percent;
- a commercial parking tax, in counties with a population of less than one million;
- tolls for passengers, packages, and parking; and
- charges or licensing fees for advertising, leasing space for services to POF passengers, and other revenue generating facilities.

In order to provide POF service, a majority of the voters in the District, voting on a single ballot proposition, must approve the POF investment plan and the proposed taxes. The

District must contract with the Department of Revenue to collect sales taxes, and other appropriate entity to collect any other taxes, fees, and charges that are authorized.

A District may issue general obligation bonds equal to up to 1.5 percent of the value of the taxable property within the District, or 5 percent of that value with voter approval. The general obligation bonds issued by a District may not have a maturity of greater than 25 years. A District may also issue revenue bonds, which may not have a term of greater than 40 years.

Substitute Bill Compared to Original Bill:

The ability of a District to exercise the power of eminent domain is removed, as is the ability of a District to form a local improvement district.

A District is required to contract with the Department of Revenue for the collection of sales taxes, and a District is allowed to contract with other entities for the collection of other taxes and charges.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2015.

Staff Summary of Public Testimony:

(In support) There is interest in Kitsap County in exploring passenger-only ferry (POF) service in some areas, which could take some of the pressure off of the Washington State Ferries (WSF). Any District formed under this bill would be required to make its case to the public and then see if the public wants to establish such a District.

Kitsap County is dependent on ferries, and this bill would help people get from South Kitsap and Bremerton to Seattle in 30 minutes, as is now possible from Bainbridge.

There has already been a four-month test of a new ferry service with five round trips per day from Bremerton. The ferry was designed to operate at high-speed through Rich Passage and it succeeded. During the test 33,000 passengers were moved, and \$70,000 in fares were collected on \$360,000 in expenses. The service was very popular with the passengers.

A variety of transportation options can be integrated in order to save time and spur economic development if fast POF service can be provided in Kitsap County. The Federal Transit Administration has approved the use of federal funds to hire a consultant to put together a service plan. This bill would allow for the creation of a District that will be tailored to the ferry users.

Kitsap Transit has operated a POF service for 15 years already, and it is heavily used. It has also studied many different operations, and it's not aware of any effects on WSF's farebox recovery.

(Opposed) There has been POF service in the past, but it has lost funding. The current WSF Bremerton service should be eliminated because it doesn't cover its costs.

Transit agencies already get too much money.

Persons Testifying: (In support) Representative Hansen, prime sponsor; and Dylan Doty and John Clauson, Kitsap Transit.

(Opposed) Paul Locke.

Persons Signed In To Testify But Not Testifying: None.