

# SENATE BILL REPORT

## E2SHB 1129

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As Reported by Senate Committee On:  
Transportation, February 25, 2014

**Title:** An act relating to ferry vessel replacement.

**Brief Description:** Concerning ferry vessel replacement.

**Sponsors:** House Committee on Transportation (originally sponsored by Representative Morris).

**Brief History:** Passed House: 2/12/14, 62-36.

**Committee Activity:** Transportation: 2/19/14, 2/25/14 [DPA, DNP, w/oRec].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended.

Signed by Senators Eide, Co-Chair; King, Co-Chair; Hobbs, Vice Co-Chair; Fain, Budget Leadership Cabinet; Cleveland, Liias, Litzow, Mullet and Rolfes.

**Minority Report:** Do not pass.

Signed by Senators Brown, Dandel and Ericksen.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Angel, O'Ban and Sheldon.

**Staff:** Amanda Cecil (786-7429)

**Background:** Vehicle Titling and Registration. County auditors or other entities, acting as agents and by appointment of the Director of the Department of Licensing (DOL), must provide various vehicle title and registration services to the public. This includes processing a report of sale, processing a transitional ownership, processing mail-in vehicle registration renewals, issuing registration and temporary off-road vehicle use permits, issuing registration for snowmobiles, and collecting taxes and fees. DOL may appoint privately owned businesses as licensing subagents (subagents) to process these transactions under contract with the county auditor. In addition to any other fees, registration and title transactions processed by a subagent are subject to service fees of \$5 for a registration renewal and \$12 for a title.

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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.*

Capital Vessel Replacement Account. There is a Capital Vessel Replacement Account in the motor vehicle fund. Revenue in the account comes from a \$0.25 surcharge on ferry fares. Expenditures from the account are by appropriation and may be used only for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. Any expenditures from the account must first be used to support the construction or purchase, including any financing costs, of a ferry vessel capable of carrying at least 144 vehicles.

Puget Sound Ferry Operations Account. There is a Puget Sound Ferry Operations Account in the motor vehicle fund. Revenue in the account comes from ferry fares; revenue generated from commercial advertising, concessions, parking, and leases at ferry facilities; and any other funds directed to the account by law. Expenditures from the account are by appropriation and may be used only for the maintenance, administration, and operation of the Washington State ferry system.

**Summary of Bill (Recommended Amendments):** The service fees of \$12 for title transactions and \$5 on registration renewal transactions that are collected by subagents must also be collected by DOL, county auditors, and agents. The service fees that are collected by DOL, county auditors, and agents are deposited into the Capital Vessel Replacement Account.

The Legislature may transfer excess funds in the Capital Vessel Replacement Account to the Puget Sound Ferry Operations Account.

The service fees collected by DOL, county auditors, and agents apply to vehicle registrations and title transactions beginning on January 1, 2015.

**EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Amendments):** Removes the new fees that DOL and the county auditor or other agent appointed by the Director are required to collect on vehicle registration and title transactions.

Requires DOL and the county auditor or other agent appointed by the Director to collect the service fees collected by subagents.

Authorizes the Legislature to transfer excess funds in the Capital Vessel Replacement Account to the Puget Sound Ferry Operations Account.

Makes technical reference corrections.

**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 Engrossed Second Substitute House Bill:** PRO: This bill provides funding for a third Olympic class ferry and allows for all the Evergreen class ferries to be retired. This will make the system more efficient by only operating one type of ferry. It also saves tax payers 20 to 30 percent of the cost of the next boat by taking advantage of the efficiencies gained from building the last two. The first boat was on time and on budget and the second boat is on the same track. The first boat is about to be christened and the second is well on its way to reaching the planned launch date. Building these boats here creates family-wage jobs and private investments have allowed this to be an affordable project for taxpayers.

CON: The auditors recognize the benefits of ferries but the fees that are being used to fund this are new fees on 20 percent of the population to pay for ferry boats that most of them will not use. This does not create a sustainable revenue source because people will use subagents more so the state will not collect any additional revenue.

OTHER: The language appears to impose a fee at all locations instead of creating parity. A better method to accomplish this is to use language that has been used in the Senate in the past.

We have to fund ferries but it should be done by reducing the system by five routes and then we will need eight fewer boats.

**Persons Testifying:** PRO: Representative Morris, prime sponsor; Fred Kiga, Vigor Industrial; Gavin Higgins, Nichols Brothers Boat Builders; Adam Brockus, Ferry Community Partnership; Walt Elliott, Council of WA State Ferry Advisory Committees; David Moseley, WA State Dept. of Transportation, Assistant Secretary, Ferries Division; Gordon Baxter, Puget Sound Metal Trades Council, International Organization of Masters, Mates and Pilots; Bill Knowlton, Marine Engineers' Beneficial Assn.; Jay Ubelhart, Inlandboatmen's Union of the Pacific.

CON: Monty Cobb, WA Assn. of County Officials.

OTHER: Scott Hazlegrove, WA State Auto Dealers Assn.; Paul Locke, citizen.