

SENATE BILL REPORT

SB 5592

As Reported by Senate Committee On:
Transportation, February 26, 2013

Title: An act relating to use of toll bridge revenue.

Brief Description: Modifying the use of certain toll bridge revenue.

Sponsors: Senators Schlicher, King, Rolfes, Hobbs and Eide.

Brief History:

Committee Activity: Transportation: 2/19/13, 2/26/13 [DPS, w/oRec].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5592 be substituted therefor, and the substitute bill do pass.

Signed by Senators Eide, Co-Chair; King, Co-Chair; Benton, Vice Co-Chair; Hobbs, Vice Co-Chair; Fain, Budget Leadership Cabinet; Billig, Brown, Ericksen, Harper, Mullet, Rolfes, Schlicher and Sheldon.

Minority Report: That it be referred without recommendation.

Signed by Senator Smith.

Staff: Clint McCarthy (786-7319)

Background: The new Tacoma Narrows Bridge opened to traffic on July 16, 2007 as a toll bridge. The bridge cost \$735 million to complete and was funded by selling general obligation bonds that were backed first by the motor vehicle account and the full faith and credit of the state of Washington. Since March 17, 2010, the Washington State Transportation Commission's (WSTC) policy has been to maintain an established Sufficient Minimum Balance (SMB) of 12.5 percent in the Tacoma Narrows Bridge Toll Account that ensures that revenues exceed expenditures by 12.5 percent. The WSTC established the SMB to cover revenue shortfalls and legitimate cost increases in the event that the Tacoma Narrows Bridge was damaged or shut down for more than ten days.

In 2012, the \$2,336,457 in Tacoma Narrows Bridge Toll Account funds spent on oversight and administrative costs accounted for 4 percent of all expenditures. Oversight and

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administrative costs do not include debt service, toll operator contracts, maintenance and preservation, or adjudication.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): Management costs are restricted to no more than 2 percent of all expenditures from the Tacoma Narrows Toll Bridge Account. Management costs do not include the costs of adjudication, toll operator contracts, or insurance.

Civil penalties deposited into the Tacoma Narrows Bridge Toll Account in excess of the amounts necessary to support the toll adjudication process are first allocated toward repayment of operating loans and reserve payments provided by the Motor Vehicle Account in 2007.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Substitute): The sufficient minimum fund balance provision was removed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: None.

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: Primary concern is that the need to have robust reserves is not about the Department of Transportation (WSDOT). It is about future projects. Gig Harbor residents are being asked to buy down the rates of future toll payers in other parts of the state. Residents want to keep tolls as low as possible – the increases have been tough on low-income families and transit riders. It is beneficial to keep tolls where they are at, and not to increase tolls. Both Gig Harbor and Port Orchard rely on tourist income. Higher tolls mean less tourists.

CON: Moody's said the median cash on hand is 600 days. An SMB of 12.5 percent is 45 days. An SMB of 6 percent is 21 days. WSDOT has a \$10 million deductible for insurance. Reducing the balance would impact WSDOT's ability to deal with an emergency. WSDOT is working hard to reduce costs. The cost of administration has gone down every year. WSDOT prefers that the Legislature reviews a comparative study later this year. WSTC believes that this will increase the cost of borrowing money for future toll revenue.

Persons Testifying: PRO: Derek Young, Briahna Taylor, City of Gig Harbor.

CON: Craig Stone, WSDOT; Dan O'Neal, WSTC.