

HOUSE BILL REPORT

HB 1221

As Reported by House Committee On:
Transportation
Finance

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

Brief Description: Creating passenger-only ferry service districts.

Sponsors: Representatives Hansen, Young, Appleton, Caldier, Griffey and MacEwen.

Brief History:

Committee Activity:

Transportation: 1/28/15, 2/2/15 [DP];

Finance: 2/10/15, 2/25/15 [DPS].

Brief Summary of Substitute Bill

- Allows certain 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: Do pass. Signed by 18 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Bergquist, Gregerson, Kochmar, McBride, Moeller, Morris, Ortiz-Self, Pike, Riccelli, Sells, Takko, Tarleton, Young and Zeiger.

Minority Report: Without recommendation. Signed by 6 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Hayes, Rodne and Wilson.

Minority Report: Do not pass. Signed by 1 member: Representative Shea.

Staff: David Munnecke (786-7315).

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.

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. 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 (POF) service for those PTBAs eligible to provide POF 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 Bill:

Eligibility.

The governing body of a PTBA located in a county that only borders the western side of the Puget Sound, has a population greater than 200,000, and contains one or more Washington ferry terminals, may establish one or more POF 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.

District Powers.

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 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.

Investment Plan.

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.

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 0.3 of 1 percent;

- a commercial parking tax, in counties with a population of less than 1 million as of January 1, 2016;
- 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.

Establishment and Revenue Collection.

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 may contract with the Department of Revenue or other appropriate entity to collect the taxes, fees, and charges that are authorized.

Bonds.

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.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2016.

Staff Summary of Public Testimony:

(In support) This bill will help develop jobs in Kitsap County by giving residents greater access to Seattle. It will also make the county less dependent on the Washington State Ferries system. It allows a PTBA to make its case to the voters and then let them make the decision.

Much of the Kitsap County economy is based on the ability to get into Seattle, and lately there has been an increase in ridership on ferries from Kitsap County. There needs to be 30-minute access to Seattle from all of Kitsap County. There is finally a boat that can provide this sort of access from South Kitsap County, but funding is needed.

The local authorities are in favor of this proposal, and Kitsap Transit has been working to develop a business plan for POF service. The Federal Transit Administration has been contacted regarding capital funding and King County has been contacted regarding providing crews.

There is no way to draw a district in Kitsap County that only includes the sales-tax-rich portions of the county.

(Opposed) None.

Persons Testifying: Representative Hansen, prime sponsor; Dylan Doty and John Clauson, Kitsap Transit; Robert Gilder, Kitsap County; and Adam Brockus, Ferry Community Partners and City of Bremerton.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Fitzgibbon, Manweller, Pollet, Reykdal, Robinson, Ryu, Springer, Stokesbary, Wilcox and Wylie.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Assistant Ranking Minority Member; Condotta and Vick.

Staff: Dominique Meyers (786-7150).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Transportation:

Intent language was added to the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2016.

Staff Summary of Public Testimony:

(In support) This bill gives residents of Kitsap County the opportunity to vote on whether they want to tax themselves to establish a passenger-only ferry. A fast passenger-only ferry could cut the commute time from Kitsap to Seattle by 30 minutes. A contractor in the community believes this would be a game changer for the county and the county could become a suburb of the Seattle area. The county currently has four ferry runs, but there is a growing demand for a fast passenger only direct trip to downtown Seattle. The current ferry ride from Bremerton to Seattle takes an hour and there is no direct access to downtown Seattle. Having the opportunity to take this to the voters and let them determine if this type of ferry is something they want and are willing to pay for is crucial. This type of transportation option would be a large benefit to the county's employment base and economy.

(Opposed) None.

Persons Testifying: Representative Hansen, prime sponsor; Dylan Doty, and Carla Sawyer, Kitsap Transit; and John Powers, Kitsap Economic Development Alliance;

Persons Signed In To Testify But Not Testifying: None.