

# SENATE BILL REPORT

## SB 6472

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As of January 28, 2016

**Title:** An act relating to a sufficient minimum balance supporting the Tacoma Narrows toll bridge.

**Brief Description:** Concerning the payment of certain required costs of the Tacoma Narrows toll bridge.

**Sponsors:** Senators Angel, Benton, Dammeier, O'Ban, Sheldon and Rolfes.

**Brief History:**

**Committee Activity:** Transportation: 1/27/16.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Brian Connell (786-7346)

**Background:** The second Tacoma Narrows Bridge (TNB) 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 by the Motor Vehicle Account and the full faith and credit of the state of Washington. Tolls may only be collected on the TNB until the debt service is paid in full.

On March 17, 2010, the Washington State Transportation Commission (WSTC) adopted a toll setting policy which requires an established Sufficient Minimum Balance (SMB) to be maintained in an amount of not less than 12.5 percent of annual TNB costs (equivalent to 45 days of working capital year round), measured on a retrospective three month rolling average fund balance. The purpose of this SMB is to ensure that there is sufficient revenue to cover revenue shortfalls or legitimate cost increases if there were an interruption in toll revenue collection or if traffic volume declines due to an unforeseen circumstance. The revenues generated to provide this SMB are retained in the TNB account and cannot be used for any other purpose.

Under Washington State Department Of Transportation's current finance plan, annual costs are expected to be \$74.5 million in fiscal year (FY) 2016, and the SMB is set at \$9.31 million during FY 2016.

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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.*

**Summary of Bill:** The Tacoma Narrows Toll Bridge Sufficient Minimum Balance Account is created in the Motor Vehicle Fund in the state treasury. Funds in the new account may be spent only after appropriation and may only be used for covering 45 days of the required tolled facility costs specified in statute, but only if there are not sufficient funds to cover these costs in the Tacoma Narrows Toll Bridge Account.

Beginning July 1, 2016, and annually thereafter, until tolls are no longer collected on the TNB, the state treasurer must transfer the amount reflecting the sufficient minimum balance, as determined by the Transportation Commission. from the Connecting Washington Account to the Tacoma Narrows Toll Bridge Sufficient Minimum Balance Account.

When tolls are no longer collected on the TNB, the account may be used to pay deferred sales taxes, if any, and any funds in the account may be transferred back to the Connecting Washington Account.

Any funds in the Tacoma Narrows Toll Bridge Account as of July 1, 2016, reflecting the SMB may be used only to mitigate future toll charges and pay deferred sales taxes. Expenditures to mitigate future toll charges may only be used in accordance with a plan developed jointly by the Transportation Commission and the Citizen Advisory Committee established under state law.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The TNB has a significant impact on the local community and everything possible should be done to offset the increasing tolls on the bridge. TNB was the guinea pig for tolling in the state and there was no contingency plan when tolling first started on the bridge. Although usage has remained constant, the toll rates have continued to increase due to the debt structure used to finance it. The TNB Citizen Advisory Committee supports creating a dedicated reserve to fulfill the sufficient minimum balance requirements, using the current SMB reserve in the TNB account to mitigate the increasing toll rates, and to relieve the financial burden currently being placed on users of the bridge.

**Persons Testifying:** PRO: Senator Angel, primary sponsor; Ron Williams, City of Gig Harbor; Bruce Beckett, Chair, TNB Citizen Adv. Comm.

Persons Signed In To Testify But Not Testifying: No one.