CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 6519**

Chapter 107, Laws of 2018

65th Legislature

2018 Regular Session

MARINE PILOTAGE TARIFFS

EFFECTIVE DATE: July 1, 2019—Except for section 15, which becomes effective June 7, 2018.

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| Passed by the Senate March 5, 2018  Yeas 49 Nays 0  CYRUS HABIB  **President of the Senate**  Passed by the House February 28, 2018  Yeas 98 Nays 0  FRANK CHOPP  **Speaker of the House of Representatives** | CERTIFICATE  I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6519** as passed by Senate and the House of Representatives on the dates hereon set forth.  BRAD HENDRICKSON  Secretary |
| Approved March 15, 2018 2:21 PM | March 16, 2018 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE SENATE BILL 6519**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2018 Regular Session

**State of Washington 65th Legislature 2018 Regular Session**

**By** Senate Transportation (originally sponsored by Senators King and Hobbs)

AN ACT Relating to revising the establishment of marine pilotage tariffs; amending RCW 53.08.390, 88.16.035, 88.16.070, 88.16.120, 88.16.130, and 88.16.061; adding a new section to chapter 88.16 RCW; adding a new chapter to Title 81 RCW; creating a new section; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 88.16 RCW to read as follows:

(1) The utilities and transportation commission shall under sections 7 through 12 of this act periodically, but not more frequently than annually, establish the pilotage tariffs for pilotage services provided under this chapter: PROVIDED, That the utilities and transportation commission may establish extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the commission: PROVIDED FURTHER, That as an element of the Puget Sound pilotage district tariff, the utilities and transportation commission may consider pilot retirement expenses incurred in the prior year in the Puget Sound pilotage district. However, under no circumstances shall the state be obligated to fund or pay for any portion of retirement payments for pilots or retired pilots.

(2) By December 1, 2018, the utilities and transportation commission shall submit to the transportation committees of the legislature any additional statutory changes necessary to implement this act.

(3) By July 1, 2020, the utilities and transportation commission shall provide a report to the governor and the transportation committees of the legislature regarding matters pertaining to establishing tariffs under this section that includes a comparison of the process and outcomes in relation to the recommendations made in the January 2018 joint transportation committee Washington state pilotage final report and recommendations.

**Sec.**  RCW 53.08.390 and 2010 c 8 s 16003 are each amended to read as follows:

A countywide port district located in part or in whole within the Grays Harbor pilotage district, as defined by RCW 88.16.050(2), may commence pilotage service with the following powers and subject to the conditions contained in this section.

(1) Persons employed to perform the pilotage service of a port district must be licensed under chapter 88.16 RCW to provide pilotage.

(2) Before establishing pilotage service, a port district shall give at least sixty days' written notice to the chair of the board of pilotage commissioners to provide pilotage.

(3) A port district providing pilotage service under this section requiring additional pilots may petition the board of pilotage commissioners to qualify and license as a pilot a person who has passed the examination and is on the waiting list for the training program for the district. If there are no persons on the waiting list, the board shall solicit applicants and offer the examination.

(4) In addition to the power to employ or contract with pilots, a port district providing pilotage services under this section has such other powers as are reasonably necessary to accomplish the purpose of this section including, but not limited to, providing through ownership or contract pilots launches, dispatcher services, or ancillary tug services required for operations or safety.

(5)(a) A port district providing pilotage services under this section may recommend to the utilities and transportation commission tariffs for pilotage services provided under chapter 88.16 RCW, and may recommend to the board of pilotage commissioners rules of service governing its pilotage services for consideration and adoption consistent with RCW 88.16.035. The rules of service, rates, and tariffs ((~~governing its pilotage services for consideration and adoption pursuant to RCW 88.16.035. The rules, rates, and tariffs~~)) recommended by the port district must have been approved in open meetings of the port district ((~~ten~~)) thirty or more days after published notice in a newspaper of general circulation and after mailing a copy of the notice to: (i) The utilities and transportation commission for rate and tariff consideration, or (ii) the chair of the board of pilotage commissioners for rules of service consideration. The port district shall release its pilotage budget, including the five year capital spending plan, prior year pilotage financial statement, and the proposed pilotage tariff, no later than thirty days prior to a public hearing. The port district shall receive public comments for thirty days before the port district commission may approve and recommend the pilotage tariff, rates, or rules of service.

(b) The port district must include a charge in its tariff until such time as the pilot retirement agreement expenses for Grays Harbor pilotage district pilots employed prior to October 1, 2001, are no longer owed. The port district shall determine the charge owed as pilot retirement agreement expenses. The charge must be sufficient to cover costs associated with the pilot retirement agreement expenses for Grays Harbor pilots employed prior to October 1, 2001. The revenue collected from the charge must be deposited into an account maintained by the port district solely for the pilot retirement agreement expenses of the Grays Harbor pilots employed prior to October 1, 2001. Under no circumstances shall the port district be obligated to fund or pay for any portion of the retirement agreement expenses for Grays Harbor pilots employed prior to October 1, 2001.

(6) A pilot providing pilotage services under this section must comply with all requirements of the pilotage act, chapter 88.16 RCW, and all rules adopted thereunder.

**Sec.**  RCW 88.16.035 and 2009 c 496 s 1 are each amended to read as follows:

(1) The board of pilotage commissioners shall:

(a) Adopt rules, pursuant to chapter 34.05 RCW, necessary for the enforcement and administration of this chapter;

(b)(i) Issue training licenses and pilot licenses to pilot applicants meeting the qualifications provided for in RCW 88.16.090 and such additional qualifications as may be determined by the board;

(ii) Establish a comprehensive training program to assist in the training and evaluation of pilot applicants before final licensing; and

(iii) Establish additional training requirements, including a program of continuing education developed after consultation with pilot organizations, including those located within the state of Washington, as required to maintain a competent pilotage service;

(c) Maintain a register of pilots, records of pilot accidents, and other history pertinent to pilotage;

(d) Determine from time to time the number of pilots necessary to be licensed in each district of the state to optimize the operation of a safe, fully regulated, efficient, and competent pilotage service in each district;

(e) ((~~Annually fix the pilotage tariffs for pilotage services provided under this chapter: PROVIDED, That the board may fix extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the board: PROVIDED FURTHER, That as an element of the Puget Sound pilotage district tariff, the board may consider pilot retirement plan expenses incurred in the prior year in either pilotage district. However, under no circumstances shall the state be obligated to fund or pay for any portion of retirement payments for pilots or retired pilots~~)) Provide assistance to the utilities and transportation commission, as requested by the utilities and transportation commission, in its performance of pilotage tariff setting functions under sections 7 through 12 of this act;

(f) File annually with the governor and the chairs of the transportation committees of the senate and house of representatives a report which includes, but is not limited to, the following: The number, names, ages, pilot license number, training license number, and years of service as a Washington licensed pilot of any person licensed by the board as a Washington state pilot or trainee; the names, employment, and other information of the members of the board; the total number of pilotage assignments by pilotage district, including information concerning the various types and sizes of vessels and the total annual tonnage; the annual earnings or stipends of individual pilots and trainees before and after deduction for expenses of pilot organizations, including extra compensation as a separate category; the annual expenses of private pilot associations, including personnel employed and capital expenditures; the status of pilotage tariffs, extra compensation, and travel; the retirement contributions paid to pilots and the disposition thereof; the number of groundings, marine occurrences, or other incidents which are reported to or investigated by the board, and which are determined to be accidents, as defined by the board, including the vessel name, location of incident, pilot's or trainee's name, and disposition of the case together with information received before the board acted from all persons concerned, including the United States coast guard; the names, qualifications, time scheduled for examinations, and the district of persons desiring to apply for Washington state pilotage licenses; summaries of dispatch records, quarterly reports from pilots, and the bylaws and operating rules of pilotage organizations; the names, sizes in deadweight tons, surcharges, if any, port of call, name of the pilot or trainee, and names and horsepower of tug boats for any and all oil tankers subject to the provisions of RCW 88.16.190 together with the names of any and all vessels for which the United States coast guard requires special handling pursuant to their authority under the Ports and Waterways Safety Act of 1972; the expenses of the board; and any and all other information which the board deems appropriate to include;

(g) Make available information that includes the pilotage act and other statutes of Washington state and the federal government that affect pilotage, including the rules of the board, together with such additional information as may be informative for pilots, agents, owners, operators, and masters;

(h) Appoint advisory committees and employ marine experts as necessary to carry out its duties under this chapter;

(i) Provide for the maintenance of efficient and competent pilotage service on all waters covered by this chapter; and do such other things as are reasonable, necessary, and expedient to insure proper and safe pilotage upon the waters covered by this chapter and facilitate the efficient administration of this chapter.

(2) The board may pay stipends to pilot trainees under subsection (1)(b) of this section.

**Sec.**  RCW 88.16.070 and 2017 c 88 s 1 are each amended to read as follows:

Every vessel not exempt under this section that operates in the waters of the Puget Sound pilotage district or Grays Harbor pilotage district is subject to compulsory pilotage under this chapter.

(1) A United States vessel on a voyage in which it is operating exclusively on its coastwise endorsement, its fishery endorsement (including catching and processing its own catch outside United States waters and economic zone for delivery in the United States), and/or its recreational (or pleasure) endorsement, and all United States and Canadian vessels engaged exclusively in the coasting trade on the west coast of the continental United States (including Alaska) and/or British Columbia shall be exempt from the provisions of this chapter unless a pilot licensed under this chapter be actually employed, in which case the pilotage rates provided for in this chapter or established under sections 7 through 12 of this act shall apply.

(2) The board may, upon the written petition of any interested party, and upon notice and opportunity for hearing, grant an exemption from the provisions of this chapter to any vessel that the board finds is (a) a small passenger vessel that is not more than one thousand three hundred gross tons (international), does not exceed two hundred feet in overall length, is manned by United States-licensed deck and engine officers appropriate to the size of the vessel with merchant mariner credentials issued by the United States coast guard or Canadian deck and engine officers with Canadian-issued certificates of competency appropriate to the size of the vessel, and is operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia, or (b) a yacht that is not more than one thousand three hundred gross tons (international) and does not exceed two hundred feet in overall length. Such an exemption shall not be detrimental to the public interest in regard to safe operation preventing loss of human lives, loss of property, and protecting the marine environment of the state of Washington. Such petition shall set out the general description of the vessel, the contemplated use of same, the proposed area of operation, and the name and address of the vessel's owner. The board shall annually, or at any other time when in the public interest, review any exemptions granted to this specified class of small vessels to insure that each exempted vessel remains in compliance with the original exemption. The board shall have the authority to revoke such exemption where there is not continued compliance with the requirements for exemption. The board shall maintain a file which shall include all petitions for exemption, a roster of vessels granted exemption, and the board's written decisions which shall set forth the findings for grants of exemption. Each applicant for exemption or annual renewal shall pay a fee, payable to the pilotage account. Fees for initial applications and for renewals shall be established by rule, and shall not exceed one thousand five hundred dollars. The board shall report annually to the legislature on such exemptions.

(3) Every vessel not exempt under subsection (1) or (2) of this section shall, while navigating the Puget Sound and Grays Harbor pilotage districts, employ a pilot licensed under the provisions of this chapter and shall be liable for and pay pilotage rates in accordance with the pilotage rates herein established or which may hereafter be established under the provisions of this chapter or under sections 7 through 12 of this act: PROVIDED, That any vessel inbound to or outbound from Canadian ports is exempt from the provisions of this section, if said vessel actually employs a pilot licensed by the Pacific pilotage authority (the pilot licensing authority for the western district of Canada), and if it is communicating with the vessel traffic system and has appropriate navigational charts, and if said vessel uses only those waters east of the international boundary line which are west of a line which begins at the southwestern edge of Point Roberts then to Alden Point (Patos Island), then to Skipjack Island light, then to Turn Point (Stuart Island), then to Kellet Bluff (Henry Island), then to Lime Kiln (San Juan Island) then to the intersection of one hundred twenty-three degrees seven minutes west longitude and forty-eight degrees twenty-five minutes north latitude then to the international boundary. The board shall correspond with the Pacific pilotage authority from time to time to ensure the provisions of this section are enforced. If any exempted vessel does not comply with these provisions it shall be deemed to be in violation of this section and subject to the penalties provided in RCW 88.16.150 as now or hereafter amended and liable to pilotage fees as determined by the board. The board shall investigate any accident on the waters covered by this chapter involving a Canadian pilot and shall include the results in its annual report.

**Sec.**  RCW 88.16.120 and 1987 c 485 s 4 are each amended to read as follows:

No pilot shall charge, collect or receive and no person, firm, corporation or association shall pay for pilotage or other services performed hereunder any greater, less or different amount, directly or indirectly, than the rates or charges herein established or ((~~which may be hereafter fixed~~)) subsequently established by the utilities and transportation commission under sections 7 through 12 of this act and by the board ((~~pursuant to~~)) under this chapter. Any pilot, person, firm, corporation or association violating the provisions of this section shall be guilty of a misdemeanor and shall be punished pursuant to RCW 88.16.150 as now or hereafter amended, said prosecution to be conducted by the attorney general or the prosecuting attorney of any county wherein the offense or any part thereof was committed.

**Sec.**  RCW 88.16.130 and 2013 c 23 s 533 are each amended to read as follows:

Any person not holding a license as pilot under the provisions of this chapter who pilots any vessel subject to the provisions of this chapter on waters covered by this chapter shall pay to the board the pilotage rates ((~~payable under the provisions of this chapter~~)) established by the utilities and transportation commission under sections 7 through 12 of this act. Any master or owner of a vessel required to employ a pilot licensed under the provisions of this chapter who refuses to do so when such a pilot is available shall be punished pursuant to RCW 88.16.150 as now or hereafter amended and shall be imprisoned in the county jail of the county wherein he or she is so convicted until said fine and the costs of his or her prosecution are paid.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the board of pilotage commissioners.

(2) "Commission" means the utilities and transportation commission.

(3) "Person with a substantial interest" means: (a) A pilot or group of pilots licensed under chapter 88.16 RCW; (b) a vessel operator or other person utilizing the services of a licensed pilot and paying pilotage fees and charges for such services or an organization representing such vessel operators or persons; and (c) any other person or business that can show that the requested tariff changes would be likely to have a substantial economic impact on its operations.

NEW SECTION. **Sec.**  (1) The commission shall establish in tariffs the rates for pilotage services provided under chapter 88.16 RCW.

(2) The commission shall maintain a list of persons who have indicated to the commission a desire to be notified of any potential change in pilotage tariffs and in any proposed rules regarding the setting of pilotage tariffs.

(3) The commission shall ensure that the tariffs provide rates that are fair, just, reasonable, and sufficient for the provision of pilotage services.

(4) In setting tariffs, the commission may fix extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the board. In setting tariffs, the commission must include a tariff surcharge to fund the stipend the board of pilotage commissioners is authorized to pay to pilot trainees and to use in its pilot training program under RCW 88.16.035. As an element of the Puget Sound pilotage district tariff, the commission may consider pilot retirement expenses incurred in the prior year in the Puget Sound pilotage district. However, under no circumstances shall the state be obligated to fund or pay for any portion of retirement payments for pilots or retired pilots.

(5) In exercising duties under this section, the commission may:

(a) Request assistance from the board;

(b) Assign an administrative law judge to handle the proceeding and prepare an initial order, which the commission may review pursuant to RCW 34.05.464, or assign an administrative law judge as a facilitator for settlement purposes; and

(c) Adopt rules or issue orders to implement the provisions of this act.

NEW SECTION. **Sec.**  (1) Any person with a substantial interest may file with the commission a revised tariff with an effective date no earlier than thirty days from the date of filing and no earlier than one year following the effective date the tariffs in effect at the time of filing were established.

(2) The proposed tariff must be accompanied by:

(a) The names and contact information of the person or persons requesting the tariff revision;

(b) A description of why the existing tariffs are not fair, just, reasonable, and sufficient, along with financial information to demonstrate a need for the tariff revision and information addressing the criteria for approval of tariff revisions set forth in section 8(3) of this act;

(c) If the petitioner proposes a tariff with an annual or periodic adjustment mechanism, information justifying such a mechanism; and

(d) Any other information required by the commission by rule or by order.

(3) After receipt of a proper petition, the commission shall give notice of the petition to interested persons that have stated a desire to be notified pursuant to section 8(2) of this act. Any person with a substantial interest in the proposed tariff revision may submit comments in support or opposition of the petition within twenty days of the notice.

(4) The filed tariff shall take effect on its stated effective date unless, within thirty days of filing of the tariff, the commission suspends it. The commission may suspend the tariff for a period not exceeding ten months from the time the change would otherwise go into effect. During that time, the commission may set the matter for a hearing pursuant to chapter 34.05 RCW or set the matter for consideration at a subsequent open public meeting.

(5) The burden of proof to show that the tariff rates are not fair, just, reasonable, and sufficient is upon the person with a substantial interest that files the revised tariff.

NEW SECTION. **Sec.**  The commission shall encourage alternative forms of dispute resolution to resolve disputes between an association or group of pilots and any other person regarding matters covered by this chapter.

NEW SECTION. **Sec.**  The tariffs established by the board prior to the effective date of this section shall remain in effect and be deemed pilotage tariffs set by the commission until such time as they are changed by the commission pursuant to this chapter.

NEW SECTION. **Sec.**  The commission may include as part of the tariff for pilotage services provided under chapter 88.16 RCW reasonable costs for the setting of tariff rates under this chapter. The costs of the commission included as part of the tariff must be appropriated from the pilotage account in RCW 88.16.061.

**Sec.**  RCW 88.16.061 and 2008 c 128 s 17 are each amended to read as follows:

((~~The account in the general fund designated in RCW 43.79.330(17) as the "Puget Sound pilotage account" is hereby redesignated as the "pilotage account".~~))

The pilotage account is ((~~hereby redesignated as a nonappropriated account, and is therefore~~)) created in the ((~~custody of the~~)) state ((~~treasurer. All receipts designated, credited, or transferred to the pilotage account must be deposited into the account~~)) treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes of the board of pilotage commissioners as prescribed under this chapter((~~. Only the board or the board's designee may authorize expenditures from the account~~)) and by the utilities and transportation commission for purposes related to pilotage tariff rate setting. The account is subject to allotment procedures under chapter 43.88 RCW((~~, but an appropriation is not required for expenditures~~)).

NEW SECTION. **Sec.**  Sections 7 through 12 of this act constitute a new chapter in Title 81 RCW.

NEW SECTION. **Sec.**  To ensure that this act is implemented in a timely manner, the utilities and transportation commission may adopt rules under section 8 of this act prior to July 1, 2019, and may accept tariff filings from a person with a substantial interest beginning thirty days after the effective date of these adopted rules. The utilities and transportation commission must suspend a tariff filing made before July 1, 2019, within thirty days of receipt of the filing. Any tariff filings made under this section may not take effect until after June 30, 2019.

NEW SECTION. **Sec.**  Except for section 15 of this act, this act takes effect July 1, 2019.

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Passed by the Senate March 5, 2018.

Passed by the House February 28, 2018.

Approved by the Governor March 15, 2018.

Filed in Office of Secretary of State March 16, 2018.