
Transportation Committee

HB 1582

Brief Description: Providing for a sufficient minimum balance to cover Tacoma Narrows bridge operating expenses.

Sponsors: Representative Young.

Brief Summary of Bill

- Prohibits an emergency contingency reserve from being held in the Tacoma Narrows Toll Bridge Account.
- Creates a new account that may receive transfers from certain accounts and that is restricted regarding expenditures, allowing only certain expenses to be paid out of the account and only in certain circumstances.

Hearing Date: 2/8/17

Staff: Alyssa Ball (786-7140).

Background:

Financing the Tacoma Narrows Bridge.

In 2002 the Washington State Department of Transportation (WSDOT) developed its finance plan for a new Tacoma Narrows Bridge. This plan called for tolls to be collected on the bridge, but the toll revenues were not pledged to support the bonds; instead, fuel tax dollars were pledged to bond holders. Ultimately, the Office of the State Treasurer (OST) issued zero-coupon bonds, most of which are non-callable, to finance the construction of the bridge, eliminating any need to pay debt service during the construction of the bridge. The new bridge opened to traffic in 2007, and the first debt-service payments were made shortly thereafter.

Toll Collection on the Tacoma Narrows Bridge.

The WSDOT collects tolls from drivers who cross the new bridge—that is, tolls are collected from drivers traveling eastbound on State Route 16. These toll revenues must be deposited into the Tacoma Narrows Toll Bridge Account (Bridge Account), and the funds may be used only to

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reimburse the Motor Vehicle Account and to pay the costs of financing, operating, maintaining, and repairing the bridge. Currently, the toll rates for two-axle vehicles are \$5 when using a Good to Go! Pass, \$6 when paying in cash, and \$7 when paying by mail. The WSDOT's current finance plan shows that approximately \$80.9 million will be collected in total revenue in the 2017 fiscal year.

Sufficient Minimum Balance.

In 2010 the Washington State Transportation Commission (WSTC), with guidance from the OST, adopted a sufficient minimum balance (SMB) policy. Because the bonds issued to construct the Tacoma Narrows Bridge did not include reserve requirements, this choice was a policy decision, not a contractual obligation. After input from the OST and the WSDOT, the WSTC determined that the SMB should be equivalent to 45 days of working capital to cover any revenue shortfalls or legitimate cost increases. Under the WSDOT's current finance plan, annual costs, including operations, maintenance, and debt service, are expected to be nearly \$80 million in the 2017 fiscal year, and the sufficient minimum balance is set at \$9.995 million during the 2017 fiscal year.

Summary of Bill:

Revenues and interest deposited into the Bridge Account are prohibited from being reserved or used as an emergency contingency reserve. A new account, the Toll Facility Capital Reserve Account (Reserve Account), is created and into which only transfers from any account other than the Bridge Account may be deposited. Additionally, any funds in the Reserve Account may be used only in an emergency to pay required costs of financing, operating, maintenance, management, and necessary repairs. Finally, an "emergency" is defined for the purposes of this Reserve Account as "any event or condition, expected to last longer than three weeks, that prevents tolls from being collected on the facility."

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.