

FINAL BILL REPORT

SHB 2990

C 195 L 18
Synopsis as Enacted

Brief Description: Concerning the Tacoma Narrows bridge debt service payment plan.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Young and Muri).

House Committee on Transportation
Senate Committee on Transportation

Background:

Tacoma Narrows Bridge Finance History.

The eastbound Tacoma Narrows Bridge (TNB) opened to traffic in July 2007 as a toll bridge. The bridge cost \$786 million to complete—approximately \$57.6 million of which was construction sales tax—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. Toll revenue is used to repay the debt service and sales tax of the construction. Toll rates are set by the Washington State Transportation Commission (Commission) and currently may only be collected on the TNB until the debt service and deferred sales tax is paid in full.

The bridge was financed with an escalating debt structure, resulting in multiple toll rate increases over the years as debt payments have increased. Over the life of the bridge, the Legislature has adjusted the funding scheme in the following ways:

- 2006—transfer of \$1.3 million from the Multimodal Transportation Account to allow a lower toll rate for users with a toll transponder;
- 2007—loan of \$5.3 million, scheduled to be fully repaid using civil penalty revenue by the 2023-25 biennium;
- 2012—deferral of the \$57.6 million repayment of the sales tax for construction of the bridge until fiscal year 2032 after the debt service is fully paid;
- 2016—transfer of \$2.5 million from the Motor Vehicle Account to the TNB account to avoid a toll rate increase in fiscal year 2017; and
- 2017—approval of a \$5 million loan from the Motor Vehicle Account to occur in April 2019 and to be repaid in full in November 2019 to avoid a toll rate increase in fiscal year 2019.

Refinance Workgroup.

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.

In the 2017 Legislative Session, the 2017-19 Transportation Budget included direction to the Commission to convene a refinance workgroup for the TNB. The workgroup was tasked with reviewing and providing recommendations on various scenarios for future toll payer relief. The workgroup's preferred policy solution was to transfer \$125 million of non-toll state funding into the TNB account to offset future debt service payment increases, allocated across the remaining years of tolling at levels that would avoid any toll rate increases over fiscal year 2018 toll rates.

Summary:

Legislative findings are made regarding inequity in the debt financing structure for the TNB compared to other tolled facilities in the state. The Legislature puts forward an alternative to provide state contribution loans for each fiscal biennium through the life of the debt service plan of up to a total of \$85 million that is to be repaid to the state after the debt service and deferred sales taxes are fully repaid.

The Legislature states its intent that the Commission will:

- maintain tolls at no more than the toll rates effective at the fiscal year 2018 level until fiscal year 2022; and
- maintain tolls at no more than 25 cents higher than the toll rates effective at the fiscal year 2018 level beginning in fiscal year 2022 until such time as the debt service, deferred sales tax obligation, and any state contribution loans are repaid in full.

The Legislature states its intent that the Office of the State Treasurer make state contribution loan transfers to the TNB account at the beginning of each fiscal biennium in amounts necessary to ensure that debt service payments are made in full after toll revenue from the TNB is applied to the debt payment amounts and other required costs of operating the facility.

Any legislative intent to establish state contribution loans for the purpose of assisting in the repayment of the TNB construction debt service does not create a private right of action.

The Commission is required to submit to the Legislature:

- through 2031, annual reports with sufficient information to enable the Legislature to determine adequate amounts of state contribution loans necessary for each fiscal biennium; and
- beginning in 2031 until the state contribution loans are repaid, annual reports with information detailing the annual expected toll revenue from the TNB that will be used to repay the state contribution loans.

Repayment of state contribution loans is added to the list of obligations that must be met before tolling may be removed from the TNB.

Votes on Final Passage:

House	97	1	
Senate	47	1	(Senate amended)
House	97	1	(House concurred)

Effective: June 7, 2018