

SENATE BILL REPORT

SHB 2990

As Passed Senate - Amended, March 7, 2018

Title: An act relating to the Tacoma Narrows bridge debt service payment plan.

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

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

Brief History: Passed House: 2/28/18, 97-1.

Committee Activity: Transportation: 3/03/18, 3/03/18 [DPA].

Floor Activity:

Passed Senate - Amended: 3/07/18, 47-1.

Brief Summary of Bill (As Amended by Senate)

- Establishes legislative intent to authorize a series of biennial loans totaling approximately \$85 million to the Tacoma Narrows Bridge (TNB) account for fiscal biennia 2019-21 through 2029-31, in order to maintain TNB tolls at no more than 25 cents higher than the current toll rates.
- Directs the Washington State Transportation Commission (Commission) to submit an annual report with sufficient information to allow the Legislature to determine an adequate loan amount that would be required for each fiscal biennium.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Chase, Cleveland, Dhingra, Fortunato, Liias, McCoy, O'Ban, Sheldon, Takko, Walsh, Wellman and Zeiger.

Staff: Erica Bramlet (786-7321)

Background: TNB Finance History. The eastbound TNB opened to traffic in July 2007 as a toll bridge. The bridge cost \$786 million to complete—approximately \$57.6 million of

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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 rates are set by the 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. At the current trajectory, another rate increase would likely be needed in fiscal year 2020. 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 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—loan of \$5 million from the Motor Vehicle Account for April 2019 to be repaid in November 2019 to avoid a toll rate increase in fiscal year 2019.

Refinance Workgroup. In the 2017 legislative session, the Transportation Budget included direction to the Commission to convene a refinance workgroup for the TNB to review and provide recommendations on various scenarios for 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 current levels.

Summary of Amended Bill: Legislative intent is established regarding inequity in the debt financing structure for the TNB compared to other tolled facilities in the state. Legislative intent is established 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.

Legislative intent is established to direct the Commission to maintain tolls at no more than current levels until fiscal year 2022. Beginning in fiscal year 2022, they are directed to maintain tolls at no more than 25 cents higher than current levels, until such time as the debt service, deferred sales tax obligation, and any state contribution loans are repaid. The Office of the State Treasurer is authorized to make state contribution loan transfers to the TNB account necessary to make up the differences needed for all costs not covered by tolls.

The Commission is required to submit annual reports to the Legislature with information sufficient to enable the Legislature to determine adequate amounts of state contribution loans for each fiscal biennium. Starting in 2031 and until the loans are repaid and tolling stops, the Commission's annual reports must detail the annual expected toll revenue from the TNB that will be used to repay the loans.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Substitute House Bill: PRO: The workgroup and this bill were a good, bipartisan process. It is not exactly what stakeholders wanted, but it is fair to toll payers by providing a consistent platform for a complex financing problem that will ensure tolls will not increase substantially. The \$85 million loan would extend tolls by less than a year.

Persons Testifying: PRO: Representative Jake Fey, Prime Sponsor; Randy Boss; Bruce Beckett, Chair, TNB Advisory Committee; Chelsea Hager, cities of Gig Harbor and Port Orchard; Carl See, Washington State Transportation Commission; Representative Jesse Young.

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