
Transportation Committee

HB 1928

Brief Description: Providing toll relief for users of the Tacoma Narrows bridge.

Sponsors: Representatives Kilduff, Leavitt, Caldier and Appleton.

Brief Summary of Bill

- Requires state contributions of up to \$30 million over the next two biennia in order to maintain the current toll rates, while still making necessary debt payments.
- Beginning in 2023, requires the Washington State Transportation Commission to provide recommendations for further toll relief in addition to providing the usual reporting regarding the amounts necessary to prevent a toll increase.
- Removes the requirement to retain toll charges on the Tacoma Narrows Bridge until all accounts are repaid.

Hearing Date: 2/25/19

Staff: David Munnecke (786-7315).

Background:

Tacoma Narrows Bridge Finance History.

The eastbound Tacoma Narrows Bridge (TNB) opened to traffic in July 2007 as a toll bridge. The eastbound TNB 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 is planned to be used to repay the sales tax on 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.

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.

The eastbound TNB was financed with an escalating debt structure, resulting in toll rate increases as debt payments have increased. The Legislature has adjusted the funding for the bridge in the following ways since 2006:

- 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;
- 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; and
- 2018—established legislative intent to authorize a series of biennial loans, to be repaid after the TNB bond debt was paid, totaling approximately \$85 million to the TNB Account for fiscal biennia 2019-21 through 2029-31, and directed the 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 to maintain tolls at no more than 25 cents higher than the TNB toll rates effective in 2018.

Refinance Workgroup.

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 of Bill:

Legislative findings are made regarding the need for equitable toll relief for users of the TNB. The Legislature also finds that the state should provide funds to maintain the current toll rates without extending the term of the tolls.

The Legislature states its intent that:

- the state contribute up to a total of \$30 million over the next two fiscal biennia; and
- the Commission maintain tolls at no more than the toll rates in effect in fiscal year 2018 until the debt service and deferred sales tax obligation are fully met.

The Legislature also states its intent that the Office of the State Treasurer make state contributions in the 2019-2021 and 2021-2023 fiscal biennia 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.

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 to maintain toll rates at the fiscal year 2018 level; and
- beginning in 2023, include recommendations for further opportunities for toll payer relief through 2031, which must be made in conjunction with a TNB work group.

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

Appropriation: None.

Fiscal Note: Requested on February 18, 2019.

Effective Date: The bill contains an emergency clause and takes effect immediately.