

HOUSE BILL REPORT

HB 2641

As Amended by the Senate

Title: An act relating to authorizing cities to provide passenger-only ferry service.

Brief Description: Authorizing cities to provide passenger-only ferry service.

Sponsors: Representatives Fey, Valdez, Lekanoff, Doglio, Tharinger, Pollet and Macri.

Brief History:

Committee Activity:

Transportation: 1/29/20, 2/5/20 [DP].

Floor Activity:

Passed House: 2/18/20, 83-14.

Senate Amended.

Passed Senate: 3/6/20, 47-1.

Brief Summary of Bill

- Allows cities bordering the Puget Sound and Lake Washington to establish, finance, and provide passenger-only ferry (POF) service.
- Requires cities to develop a POF investment plan, which must address a variety of issues, prior to providing POF service.
- Allows cities to enter into contracts, agreements, and public-private partnerships in order to operate POF service.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 26 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Slatter, 2nd Vice Chair; Valdez, 2nd Vice Chair; Barkis, Ranking Minority Member; Young, Assistant Ranking Minority Member; Chambers, Chapman, Dent, Doglio, Duerr, Dufault, Entenman, Eslick, Goehner, Gregerson, Kloba, Lovick, Mead, Ortiz-Self, Paul, Ramos, Riccelli, Shewmake, Van Werven and Volz.

Minority Report: Do not pass. Signed by 3 members: Representatives Walsh, Assistant Ranking Minority Member; Boehnke and McCaslin.

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.

Minority Report: Without recommendation. Signed by 2 members: Representatives Irwin and Orcutt.

Staff: David Munnecke (786-7315).

Background:

County Ferries.

Any county may operate ferries under the direction and control of the county legislative authority. Such service may include auto-carrying capacity and may be funded from general county revenues.

Pierce, Skagit, Wahkiakum, and Whatcom counties operate ferries under this authority. For counties operating ferry service under this authority, the Washington State Department of Transportation may reimburse for a portion of the deficit incurred operating county ferry service.

County Ferry Districts.

A county ferry district can be established by the county legislative authority, which, acting independently, is also the governing body. Such a district can be county-wide or just a portion of a county, and it has the authority to operate a passenger-only ferry (POF) service.

A county ferry district can be funded by an annual ad valorem property tax levy of up to 75 cents per \$1,000 of assessed valuation. This levy limit in King County is up to 7.5 cents per \$1,000 of assessed valuation. Voter-approved annual excess property tax levies can also be imposed, along with a vessel replacement surcharge on every ferry fare sold.

Public Transportation Benefit Areas.

Any public transportation benefit area (PTBA) having a boundary on the Puget Sound may operate a POF service.

Voter-approved taxes to support POF service are in addition to all other taxes and may include a motor vehicle excise tax, local sales and use tax up to 0.4 percent, tolls, and other revenue-generating activities.

Public Transportation Benefit Areas Passenger-Only Ferry Districts.

A PTBA bordering the western side of the Puget Sound, with a population greater than 200,000 and containing at least one state ferry terminal, which is currently only Kitsap Transit, may also establish one or more POF service districts within all or a portion of the PTBA's boundaries.

Voter-approved taxes to support POF service are in addition to all other taxes and may include a sales and use tax of up to 0.3 percent, a parking tax, tolls, and other revenue generating activities.

Port Districts.

A port district may acquire, lease, construct, purchase, maintain, and operate passenger-carrying vessels on Puget Sound, interstate navigable rivers of the state, and intrastate waters

of adjoining states. The service is provided under the terms, conditions, and rates fixed and approved by the port commission.

Summary of Bill:

Cities bordering the Puget Sound and Lake Washington are allowed to establish, finance, and provide POF service. This includes allowance for associated services to support and augment such POF operation.

Prior to providing such POF service, cities are required to develop a POF investment plan, which must address the following issues:

- operating or contracting for the operation of POF services;
- the purchase, lease, or rental of ferry vessels and dock facilities for the provision of transit service;
- other activities necessary to implement the plan;
- terminal locations to be served;
- consistency with any study developed through the Puget Sound Regional Council for regional service;
- projected costs of providing services; and
- revenues to be generated from tolls, locally collected tax revenues, and other revenue sources, which may include additional revenue authority not yet authorized under state law.

In order to operate POF service, cities are granted the authority to enter into contracts, agreements, and public-private partnerships including, but not limited to, design-build, general contractor/construction management, or other alternative procurement processes substantially consistent with chapter 39.10 RCW.

The entirety of the act is created as a new chapter in Title 35 RCW.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment adds the following requirements to the passenger-only ferry investment plan required under the bill:

- consultation with treaty tribes to ensure impacts to tribal fishing are minimized;
- show design and funding considerations for propulsion types and technologies that meet low, ultra-low, and zero emission targets; and
- show best management practices and technologies available and considered to reduce impacts to water quality, prevention of strikes, and underwater noise that impact the Southern Resident Killer Whale population, other marine mammals, and aquatic life.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Cities interested in offering POF service brought this bill forward. It would allow waterways to be used to provide another way to get to work, and thus help alleviate congestion.

The bill does not provide revenue authority, but would allow cities to engage in due diligence regarding POF service. A Puget Sound Regional Council study was recently undertaken on POF service, and a city's POF plan would need to be consistent with this study.

Counties and transit districts can already offer POF service, and this would allow cities to do so as well. Counties and transit districts are required to create a POF plan, and this bill would require cities to do the same. Cities would still need approval for new revenue sources, and cities could enter into public-private partnerships to run POF service. Counties are allowed to use property taxes and transit districts are allowed to use sales tax to fund POF services.

As the region grows, we need more options for getting around. The Puget Sound is currently growing at a rate of 188 people per day.

The advantage to POF service is that there is no need to acquire right of way, it is cheaper on a per-passenger basis, and it can be faster to go by ferry. This bill would give cities the certainty needed to plan, and a high-level feasibility study has already been done, which shows that the cost of POF service is not that high.

This bill would create huge mobility and economic development opportunities in the South Sound. Everyone is interested in opportunities to avoid using Interstate 5.

(Opposed) None.

Persons Testifying: Representative Fey, prime sponsor; Ryan Mello; Briahna Murray, City of Tacoma; and Brad Boswell, City of Point Ruston.

Persons Signed In To Testify But Not Testifying: None.