

SENATE BILL REPORT

SB 5488

As Reported by Senate Committee On:
Transportation, February 14, 2022

Title: An act relating to completing outstanding financial obligations regarding the Tacoma Narrows toll bridge project.

Brief Description: Completing outstanding financial obligations regarding the Tacoma Narrows toll bridge project. [**Revised for 1st Substitute:** Concerning state contributions in support of the Tacoma Narrows toll bridge.]

Sponsors: Senators Randall, Rolfes, Billig, Dhingra, Nobles, Van De Wege and Wilson, C..

Brief History:

Committee Activity: Transportation: 1/17/22, 2/14/22 [DPS, DNP].

Brief Summary of First Substitute Bill

- Requires the state treasurer to make quarterly transfers of \$3,250,000 from the general fund to the Tacoma Narrows Toll Bridge Account beginning in September 2022 and ending July 1, 2032, for a total of \$130,000,000.
- Modifies the legislative intent of the state loans to the Tacoma Narrows Bridge initiated in 2018 to convey that the legislature intends that the Transportation Commission will adjust tolls with the intended goal of maintaining two-axle toll rates at no more than 75 cents lower than the toll rates in effect as of October 1, 2021.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5488 be substituted therefor, and the substitute bill do pass.

Signed by Senators Lias, Chair; Saldaña, Vice Chair; Cleveland, Das, Lovelett,

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Lovick, Nguyen, Nobles, Randall and Wilson, C.

Minority Report: Do not pass.

Signed by Senators King, Ranking Member; Hawkins, Holy, Padden, Sheldon and Wilson, J.

Staff: Daniel Masterson (786-7454)

Background: The eastbound Tacoma Narrows Bridge (TNB) opened to traffic in July 2007 as a toll bridge. The bridge cost \$735 million to complete 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. 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 structure in the following ways:

- 2007—loan of \$5.3 million, scheduled to be fully repaid 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;
- 2018 —declaration of legislative intent in SHB 2990, to provide a series of loans up to \$85 million to keep TNB toll rates at no more than \$0.25 higher than 2018 rates—\$43 million of this amount has been, or is appropriated to be, transferred to the TNB account by 2023; and
- 2019—loan of \$5 million to maintain minimum fund balance, paid back in 2020.

As of October 1, 2021, rates on the TNB are \$0.25 higher than in 2018. Current rates are \$5.25 with a Good to Go! Pass, \$6.25 with cash, and \$7.25 with pay by mail for a 2-axle vehicle. Toll rates are set by the Transportation Commission and currently may only be collected on the TNB until the debt service, deferred sales tax, and loans from the motor vehicle account are paid in full.

Summary of Bill (First Substitute): Beginning with September 2022 and ending July 1, 2032, by the last day of September, December, March, and June of each year, the state treasurer shall transfer from the general fund to the Tacoma Narrows Toll Bridge Account the sum of \$3,250,000. The total amount that may be transferred pursuant to this subsection is \$130,000,000.

It is the intent of the legislature that the Transportation Commission will adjust tolls, in consideration of annual contributions from nontoll sources and the costs required to be covered under RCW 47.46.100 with the intended goal of maintaining two-axle toll rates at no more than 75 cents lower than the toll rates in effect as of October 1, 2021. This intent shall not be construed to mean that toll rates for vehicles with three or more axles should be reduced.

The Transportation Commission shall submit to the transportation committees of the

legislature on an annual basis a report that includes:

- Sufficient information to enable the legislature to determine an adequate amount of contribution from nontoll sources required for each fiscal biennium to maintain toll rates at no more than the amount in effect as of October 1, 2022; and
- Information detailing the annual expected toll revenue to be used for repayment of the state contribution loans while maintaining toll rates at no more than the amount in effect as of October 1, 2022.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute):

- Removes all sections from the original bill including:
 - the one-time transfer totaling \$772,020,000 from the General Fund to various highway accounts, and appropriations to fully pay for outstanding financial obligations related to the Tacoma Narrows Bridge, and
 - the declaration that the bill's provisions constitute full payment of all outstanding financial obligations regarding construction of the TNB and that the TNB must be operated as a toll-free facility.
- Requires that the state treasurer make quarterly transfers from the general fund to the TNB toll account of \$3,250,000 beginning with September 2022 and ending July 1, 2032. The total amount that may be transferred pursuant to this subsection is \$130,000,000.
- Modifies the legislative intent of the state contribution loans initiated in 2018 to convey that the legislature intends that the Transportation Commission will adjust tolls with the intended goal of maintaining two-axle toll rates at no more than 75 cents lower than the toll rates in effect as of October 1, 2021.
- States that this modified legislative intent shall not be construed to mean that toll rates for vehicles with three or more axles should be reduced.
- Modifies the requirement that the Transportation Commission report to the legislature regarding the adequate amount of state contributions to the TNB to reflect the new intended goal of maintaining two-axle toll rates at no more than 75 cents lower than the toll rates in effect as of October 1, 2021, and indicates that the toll rate change is expected to be in place by October 1, 2022.

Appropriation: The bill contains transfers totaling \$130,000,000 from the General Fund.

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This proposal is bold, but our

demand is simple. Our neighbors on the peninsula deserve infrastructure investments that have been forthcoming for far too long. Our community on the west side of the sound has been over-looked and our priorities have been under-invested. We see the same problems in conversations around our crumbling ferry system as with the burden of Tacoma Narrows Bridge. Decision makers before us opted not to invest in the transportation needs in communities like mine. The Legislature should seize the opportunity to eliminate tolls and pay off the remaining debt, putting money back in the pocket of working people. I grew up in Gig Harbor and am fortunate to have seen the evolution of the Narrows Bridge. I have personally paid thousands of dollars on bridge tolls, and for someone of thousands of dollars in graduate student debt, this means a lot to me. The new bridge was necessary to relieve congestion and prevent fatal car crashes. However, it's payoff structure isn't working. It's like we're making the lowest minimum payment on a high interest credit card. The tolls are high enough that they restrict access to services, including child care. I am a fairly frequent commuter to Tacoma for amenities and activities. I know working class people, and youth especially, who are trying to get to schools in Tacoma. Education and medical services are in Tacoma. If tolls increase, and keep increasing, it will increase the burden on people who can least pay it. This bill would be a boon to working-class youth.

CON: The Association of Washington Business is opposed to this bill. We support infrastructure funding. We believe there is a return on investment with infrastructure funding. The Tacoma Narrows bridge is already funded and built, it does have debt, but it is funded. We would rather see general fund money go to new infrastructure that is not yet funded. Given the state's unfunded transportation need, we do not want to see those dollars diverted.

Persons Testifying: PRO: Senator Emily Randall, Prime Sponsor; Gordon Glick; Megan Moore, Citizen district 26.

CON: Mike Ennis, Association of Washington Business.

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