

HOUSE BILL REPORT

HB 1833

As Reported by House Committee On:
Transportation

Title: An act relating to setting ferry fuel surcharges.

Brief Description: Setting ferry fuel surcharges.

Sponsors: Representatives Paul, Hutchins and Ramel.

Brief History:

Committee Activity:

Transportation: 2/20/23, 2/23/23 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Washington State Transportation Commission (Commission) to impose a ferry fuel surcharge only when directed by the Legislature.
- Directs the Commission to reevaluate the need for an imposed surcharge on at least a quarterly basis and to revoke the surcharge if it is determined that the surcharge is no longer needed.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 28 members: Representatives Fey, Chair; Donaghy, Vice Chair; Timmons, Vice Chair; Barkis, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Low, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Berry, Bronoske, Chapman, Cortes, Dent, Doglio, Duerr, Entenman, Goehner, Griffey, Hackney, Klicker, Mena, Orcutt, Ramel, Ramos, Schmidt, Taylor, Volz, Walsh and Wylie.

Staff: Beth Redfield (786-7140).

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.

Background:

The Washington State Transportation Commission (Commission) sets ferry fares and pricing policies for the Washington State Ferries. By September 1 of each year, the Commission adopts by rule fares and pricing policies for the ensuing year. Rules of the Commission are subject to the processes and procedures required under the Administration Procedures Act. The Commission is also directed to specifically set a capital vessel replacement surcharge for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels.

In the 2010 Supplemental Transportation Budget, the Legislature authorized the Commission to impose a ferry fuel surcharge effective July 1, 2011, and to conduct all of the public procedures and processes required when setting ferry fares by rule. The Commission adopted rules to guide the setting of a ferry fuel surcharge effective in 2011. No ferry fuel surcharge has been implemented.

In the budget process, the Governor and Legislature consider the cost of ferry fuel for the operation of ferry service in proposing and setting appropriation levels for the Washington State Department of Transportation. The information provided for the calculation of the budget for ferry system fuel includes forecasted consumption of gallons of ferry fuel, forecasted biodiesel prices, actual gallons of ferry fuel purchased and average price paid, and actual gallons of ferry fuel purchased and prices paid under hedge contracts.

Summary of Substitute Bill:

The Commission may impose a fuel surcharge only when directed by the Legislature in the transportation budget.

If a ferry fuel surcharge is imposed, the Commission must reevaluate the need for the surcharge on at least a quarterly basis to determine if the surcharge is still needed to cover increased ferry fuel costs and revoke the surcharge if the determination is that the surcharge is no longer needed.

Substitute Bill Compared to Original Bill:

The substitute bill:

- eliminates the direction to the Commission to annually evaluate the need for a ferry fuel surcharge after enactment of the transportation budget; and
- eliminates the ability of the Commission to impose a ferry fuel surcharge if it determines that the operating costs of ferry fuel are not fully funded in the transportation budget.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Washington State Ferries are part of the state highway system which allows many riders and drivers to save three hours of drive time. It is a little known fact that if fuel prices exceed the budget, a fuel surcharge can go into effect. If there is an increase in fuel prices, the Legislature should budget for it. Last summer the Commission adopted an emergency rule to prevent an automatic triggering of a fuel surcharge, giving the Legislature an opportunity to come back and fund fuel costs in the Supplemental Budget. Other agencies do not do this. The Department of Licensing does not automatically increase fees if their budget is negatively effected. There has not been a ferry fuel surcharge imposed since the rule was enacted in 2011. We must give credit to the fuel hedging program at Washington State Ferries, which prevented the triggering of the surcharge.

(Opposed) Riders are deeply concerned about fare increases. Setting fares at the Commission means that the Legislature does not get to hear the public testimony.

Persons Testifying: (In support) Representative Dave Paul, prime sponsor; and Reema Griffith, Washington State Transportation Commission.

(Opposed) Joe Kunzler.

Persons Signed In To Testify But Not Testifying: None.