

SENATE BILL REPORT

SB 6316

As Reported by Senate Committee On:
Transportation, February 22, 2024

Title: An act relating to the state route number 520 corridor.

Brief Description: Concerning the state route number 520 corridor.

Sponsors: Senators Pedersen and King.

Brief History:

Committee Activity: Transportation: 2/21/24, 2/22/24 [DPS-WM, w/oRec].

Brief Summary of First Substitute Bill

- Removes the limitation on where tolls may be imposed on the state route (SR) 520 corridor.
- Authorizes the Department of Transportation to apply for a state and local sales and use tax deferral related to the construction of the SR 520 corridor improvements—west end project.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6316 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King, Ranking Member; Holy, Assistant Ranking Member; Cleveland, Fortunato, Hansen, Hawkins, Lovelett, Padden, Wilson, C. and Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senators Kauffman, MacEwen, Nobles and Valdez.

Staff: Brandon Popovac (786-7465)

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: Toll Authorization and Rate Setting. The Legislature is the only entity with the authority to authorize tolls on an eligible toll facility. An eligible toll facility is portions of the state highway system specifically identified by the Legislature, including transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways. The Legislature has authorized collection of tolls on the following facilities:

- the Tacoma Narrows Bridge;
- the state route (SR) 99 tunnel;
- the new sections of SR 167 and SR 509 that are part of the Puget Sound Gateway Project;
- the SR 167 express toll lanes;
- the Interstate 405 express toll lanes; and
- the Interstate 5 bridge replacement project.

The Legislature has designated the Washington State Transportation Commission (Commission) as the state tolling authority with responsibility for setting toll rates, including variable pricing, and reviewing toll operations. Before each regular session of the Legislature, the Commission must report to the transportation committees of the Legislature on any increase or decrease in toll rates approved by the Commission.

State Route 520 Corridor—Tolling. In 2009, the Legislature authorized the initial imposition of tolls on the SR 520 corridor, defined as between Interstate 5 and SR 202, to be charged only for travel on the floating bridge portion of the corridor, which is part of the State Route 520 Bridge Replacement and High-Occupancy Vehicle (HOV) project. The finance plan for the project included a deferral of the sales taxes paid on construction of the project.

State Route 520 Corridor—Sales and Use Tax Deferral. State and local sales and use tax due on site acquisition, construction, and equipment related to the SR 520 Corridor and HOV project may be deferred until the 24th calendar year after the project is operationally complete—when the replacement floating bridge is constructed and open to traffic—and is then due in equal yearly installments over the next decade. These payments are currently scheduled to begin by the end of 2041 since the replacement floating bridge was operationally complete and opened to traffic in August 2017.

State Route 520 Corridor—West End Project. The SR 520 west end project is intended to replace the Portage Bay Bridge with a seismically resilient structure that includes improved bus and carpool travel and an extension of the SR 520 Trail. The project is also intended to build a landscaped lid between Seattle’s Roanoke Park and North Capitol Hill neighborhoods.

Summary of Bill (First Substitute): The limitation of only imposing tolls on the floating bridge portion of the SR 520 corridor is removed.

The Department of Transportation (WSDOT) may apply for a state and local sales and use tax deferral on site acquisition, construction, and equipment related to the SR 520 Corridor Improvements—West End project, which completes corridor improvements between Interstate 5 and the west high rise. Such sales and use tax may be deferred until the 24th calendar year after the project is operationally complete. The project is operationally complete when WSDOT notifies the Department of Revenue in writing that all projects qualifying for a deferral within the west end project are operationally complete. New deferral certificates may not be issued once the project is operationally complete.

The new sales and local sales and use tax deferral option is exempted from the requirements related to tax preference expiration and performance statements.

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

- Applies the sales and use tax deferral option on the SR 520—west end project to only WSDOT.
- Prohibits the issuance of new deferral certificates once the project is operationally complete.
- Exempts the sales and use tax deferral option from requirements related to tax preference expiration and performance statements.

Appropriation: None.

Fiscal Note: Requested on February 17, 2024.

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: Member outreach with residents and neighborhoods impacted by the west end project showed that some would be okay with paying tolls to finish the project. Previous tolling scenario reports evaluated possible tolling in multiple locations in the corridor and otherwise. WSTC is supportive of the bill and wants to work with WSDOT on potential impacts through a toll and revenue study. The current west end project is important for mobility and safety. Numerous residents rely on the corridor for work purposes. A delay on the project will cost taxpayers more on an already vulnerable bridge. The project will connect active transportation users to multiple areas.

Persons Testifying: PRO: Senator Jamie Pedersen, Prime Sponsor; Reema Griffith, Wash. State Transportation Commission; Nick Streuli, Microsoft; Lilly Hayward, Seattle Metropolitan Chamber of Commerce.

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