

Proposed Substitute House Bill 1958 (H-2096.1/25)

By Representative Fey

Original bill:

- Allows for the issuance of up to \$1.6 billion of bonds for the design, right-of-way, and construction of the Interstate 5 Bridge Replacement Project.
- Provides the process for the issuance and repayment of any bonds issued.

Substitute bill compared to original bill:

- Allows for the issuance of up to \$2.5 billion of bonds for the design, right-of-way, and construction of the Interstate 5 Bridge Replacement Project, rather than up to \$1.6 billion.
- Creates a separate structure for the issuance and repayment of any bonds issued for the design, right-of-way, and construction of the Interstate 5 Bridge Replacement Project, instead of modifying the existing structure.

Committee: House Transportation Committee

Staff: David Munnecke (786-7315)
Office of Program Research

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-2096.1/25

ATTY/TYPIST: AI:eab

BRIEF DESCRIPTION: Concerning the interstate bridge replacement toll
bond authority.

1 AN ACT Relating to the interstate bridge replacement toll bond
2 authority; amending RCW 47.10.907; and adding new sections to chapter
3 47.10 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature recognizes that
6 replacement of the aging Interstate 5 bridge across the Columbia
7 river is a priority for the state of Washington. The interstate
8 bridge replacement project will be completed in partnership with the
9 state of Oregon, with equal sharing of bridge replacement costs and
10 net toll revenues. The legislature finds that a variety of revenue
11 sources and financing mechanisms will be required for Washington to
12 provide its full share of the costs. The legislature intends to
13 provide options for financing portions of the project while
14 recognizing that no Washington state debt will be issued for this
15 project until approved by the state financing committee, and only
16 bonds necessary and supported by revenues will be issued.

17 As part of the financing plan for the project, Washington or
18 Oregon may elect to pursue a federal transportation infrastructure
19 finance and innovation act loan, repayable solely from toll revenues.
20 The legislature intends for this act to support that application
21 process.

1 NEW SECTION. **Sec. 2.** (1) In order to provide funds necessary
2 for the design, right-of-way, and construction of the Interstate 5
3 bridge replacement project as allowed in RCW 47.56.902 and 47.56.904,
4 there shall be issued and sold upon the request of the department up
5 to \$2,500,000,000 of general obligation bonds of the state of
6 Washington first payable from toll revenue and excise taxes on fuel
7 and vehicle-related fees in accordance with section 5 of this act.

8 (2) For purposes of this act, "vehicle-related fees" means
9 vehicle-related fees imposed under Title 46 RCW that constitute
10 license fees for motor vehicles to be used for highway purposes.

11 NEW SECTION. **Sec. 3.** Upon the request of the department, the
12 state finance committee shall supervise and provide for the issuance,
13 sale, and retirement of bonds authorized by this act in accordance
14 with chapter 39.42 RCW. Bonds authorized by this act shall be sold in
15 the manner, at time or times, in amounts, and at the price as the
16 state finance committee shall determine. No bonds may be offered for
17 sale without prior legislative appropriation of the net proceeds of
18 the sale of the bonds.

19 NEW SECTION. **Sec. 4.** (1) The proceeds from the sale of bonds
20 authorized in section 2(1) of this act must be deposited in the
21 Interstate 5 bridge replacement project account created in RCW
22 47.56.904.

23 (2) The bond proceeds must be available only for the purposes
24 enumerated in section 2 of this act, for payment of bond anticipation
25 notes or other interim financing, if any, capitalizing interest on
26 the bonds, funding a debt service reserve fund, if any, and for the
27 payment of bond issuance costs, including the costs of underwriting.

28 NEW SECTION. **Sec. 5.** Bonds issued under the authority of this
29 section and sections 2, 7, and 8 of this act must distinctly state
30 that they are a general obligation of the state of Washington, must
31 pledge the full faith and credit of the state to the payment of the
32 principal thereof and the interest thereon, and must contain an
33 unconditional promise to pay such principal and interest as the same
34 becomes due. The principal of and interest on the bonds must be first
35 payable in the manner provided in this section and sections 2, 7, and
36 8 of this act from toll revenue and then from proceeds of excise
37 taxes on fuel and vehicle-related fees to the extent toll revenue is

1 not available for that purpose. Toll revenue and the state excise
2 taxes on fuel imposed by chapter 82.38 RCW and vehicle-related fees
3 are hereby pledged to the payment of any bonds and the interest
4 thereon issued under the authority of this section and sections 2, 7,
5 and 8 of this act, and the legislature agrees to continue to impose
6 these toll charges on the Interstate 5 bridge replacement project,
7 and on any other eligible toll facility designated by the legislature
8 and on which the imposition of tolls is authorized by the legislature
9 in respect of the bonds, and excise taxes on fuel and vehicle-related
10 fees in amounts sufficient to pay, when due, the principal and
11 interest on all bonds issued under the authority of this section and
12 sections 2, 7, and 8 of this act.

13 NEW SECTION. **Sec. 6.** (1) If and to the extent that the state
14 finance committee determines, in consultation with the department and
15 the tolling authority, that it will be beneficial for the state to
16 issue any bonds authorized in sections 2, 5, 7, and 8 of this act as
17 toll revenue bonds rather than as general obligation bonds, the state
18 finance committee is authorized to issue and sell, upon the request
19 of the department, such bonds as toll revenue bonds and not as
20 general obligation bonds. Notwithstanding section 5 of this act, each
21 such bond must contain a recital that payment or redemption of the
22 bond and payment of the interest and any premium thereon is payable
23 solely from and secured solely by a direct pledge, charge, and lien
24 upon toll revenue and is not a general obligation of the state to
25 which the full faith and credit of the state or excise taxes on fuel
26 or vehicle-related fees are pledged.

27 (2) Toll revenue is hereby pledged to the payment of any bonds
28 and the interest thereon issued under the authority of this section,
29 and the legislature agrees to continue to impose these toll charges
30 on the Interstate 5 bridge replacement project, and on any other
31 eligible toll facility designated by the legislature and on which the
32 imposition of tolls is authorized by the legislature in respect of
33 the bonds, in amounts sufficient to pay, when due, the principal and
34 interest on all bonds issued under the authority of this section.

35 NEW SECTION. **Sec. 7.** (1) For bonds issued under the authority
36 of this section and sections 2, 5, and 8 of this act, the state
37 treasurer shall first withdraw toll revenue from the Interstate 5
38 bridge replacement project account, and, to the extent toll revenue

1 is not available, excise taxes on fuel and vehicle-related fees and
2 deposit in the Interstate 5 bridge replacement project toll facility
3 bond retirement account, or a special subaccount in the account, such
4 amounts, and at such times, as are required by the bond proceedings.

5 (2) Any excise taxes on fuel and vehicle-related fees required
6 for bond retirement or interest on the bonds authorized by this
7 section and sections 2, 5, and 8 of this act must be taken from that
8 portion of the motor vehicle fund that results from the imposition of
9 excise taxes on fuel and vehicle-related fees and which is, or may
10 be, appropriated to the department for state highway purposes. Funds
11 required must never constitute a charge against any other allocations
12 of fuel tax and vehicle-related fee revenues to the state, counties,
13 cities, and towns unless the amount arising from excise taxes on fuel
14 and vehicle-related fees distributed to the state in the motor
15 vehicle fund proves insufficient to meet the requirements for bond
16 retirement or interest on any such bonds.

17 (3) Any payments for bond retirement or interest on the bonds
18 taken from allocations of other revenues from the fuel taxes and
19 vehicle-related fees that are distributable to the state, counties,
20 cities, and towns must be repaid from available toll revenue in the
21 manner provided in the bond proceedings or, if toll revenue is not
22 available for that purpose, from the first revenues from the excise
23 taxes on fuel and vehicle-related fees distributed to the motor
24 vehicle fund not required for bond retirement or interest on the
25 bonds. Any excise taxes on fuel and vehicle-related fees required for
26 bond retirement or interest on the bonds authorized by this section
27 and sections 2, 5, and 8 of this act must be reimbursed to the motor
28 vehicle fund from toll revenue in the manner and with the priority
29 specified in the bond proceedings.

30 NEW SECTION. **Sec. 8.** Bonds issued under the authority of
31 sections 2, 5, and 7 of this act and this section and any other
32 general obligation bonds of the state of Washington that have been or
33 that may be authorized and that pledge excise taxes on fuel and
34 vehicle-related fees for the payment of principal and interest
35 thereon must be an equal charge against the revenues from such excise
36 taxes on fuel and vehicle-related fees.

37 NEW SECTION. **Sec. 9.** The Interstate 5 bridge replacement
38 project toll facility bond retirement account is created in the state

1 treasury for the purpose of payment of the principal of and interest
2 and premium on bonds issued for the purposes of this act. Both
3 principal of and interest on the bonds issued for the purposes of
4 this act shall be payable from the Interstate 5 bridge replacement
5 project toll facility bond retirement account. The state finance
6 committee may provide that special subaccounts be created in the
7 account to facilitate payment of the principal of and interest on the
8 bonds. The state finance committee shall, on or before June 30th of
9 each year, certify to the state treasurer the amount required for
10 principal and interest on the bonds in accordance with the bond
11 proceedings.

12 NEW SECTION. **Sec. 10.** The state finance committee may determine
13 and include in any resolution authorizing the issuance of any bonds
14 under this act such terms, provisions, covenants, and conditions as
15 it may deem appropriate in order to assist with the marketing and
16 sale of the bonds, confer rights upon the owners of bonds, and
17 safeguard rights of the owners of bonds including, among other
18 things:

19 (1) Provisions regarding the maintenance and operation of the
20 Interstate 5 bridge replacement project as an eligible toll facility;

21 (2) The pledges, uses, and priorities of application of toll
22 revenue;

23 (3) Provisions that bonds shall be payable from and secured
24 solely by toll revenue as provided by RCW 47.10.886 and section 6 of
25 this act, or shall be payable from and secured by both toll revenue
26 and by a pledge of excise taxes on motor vehicle fuel and vehicle-
27 related fees and the full faith and credit of the state as provided
28 in RCW 47.10.879 and 47.10.883 through 47.10.885;

29 (4) Provisions that bonds shall be payable from and secured by
30 both toll revenue and by a pledge of excise taxes on fuel and
31 vehicle-related fees and the full faith and credit of the state as
32 provided in RCW 47.10.896 and 47.10.899 through 47.10.901 and
33 sections 2, 5, 7, and 8 of this act;

34 (5) In consultation with the department of transportation and the
35 tolling authority, financial covenants requiring that the eligible
36 toll facilities must produce specified coverage ratios of toll
37 revenue to debt service on bonds;

38 (6) The purposes and conditions that must be satisfied prior to
39 the issuance of any additional bonds that are to be payable from and

1 secured by any toll revenue on an equal basis with previously issued
2 and outstanding bonds payable from and secured by toll revenue;

3 (7) Provisions that bonds for which any toll revenue are pledged,
4 or for which a pledge of any toll revenue may be reserved, may be
5 structured on a senior, parity, subordinate, or special lien basis in
6 relation to any other bonds for which toll revenue is pledged, with
7 respect to toll revenue only; and

8 (8) Provisions regarding reserves, credit enhancement, liquidity
9 facilities, and payment agreements with respect to bonds.

10 Any of the foregoing, covenants and conditions detailing the
11 character of the department's management, maintenance, and operation
12 of eligible toll facilities, insurance for eligible toll facilities,
13 internal financial management of toll revenue, and disposition of
14 eligible toll facilities must be approved by the department of
15 transportation.

16 The owner of any bond may by mandamus or other appropriate
17 proceeding require and compel performance of any duties imposed upon
18 the tolling authority and the department of transportation and their
19 respective officials, including any duties imposed upon or undertaken
20 by them or by their respective officers, agents, and employees, in
21 connection with the construction, maintenance, and operation of
22 eligible toll facilities and in connection with the collection,
23 deposit, investment, application, and disbursement of the proceeds of
24 the bonds and toll revenue.

25 **Sec. 11.** RCW 47.10.907 and 2019 c 421 s 10 are each amended to
26 read as follows:

27 (1) For the purposes of chapter 498, Laws of 2009, chapter 377,
28 Laws of 2011, (~~and~~) chapter 421, Laws of 2019, and chapter . . . ,
29 Laws of 2025 (this act), "toll revenue" means all toll receipts, all
30 interest income derived from the investment of toll receipts, and any
31 gifts, grants, or other funds received for the benefit of
32 transportation facilities in the state, including eligible toll
33 facilities. However, for the purpose of any pledge of toll revenue to
34 the payment of particular bonds issued under chapter 498, Laws of
35 2009, chapter 377, Laws of 2011, (~~and~~) chapter 421, Laws of 2019,
36 and chapter . . . , Laws of 2025 (this act), "toll revenue" means and
37 includes only such toll revenue or portion thereof that is pledged to
38 the payment of those bonds in the resolution authorizing the issuance
39 of such bonds. Toll revenue constitutes "fees and revenues derived

1 from the ownership or operation of any undertaking, facility, or
2 project" as that phrase is used in Article VIII, section 1(c)(1) of
3 the state Constitution.

4 (2) For the purposes of chapter 498, Laws of 2009, chapter 377,
5 Laws of 2011, (~~and~~) chapter 421, Laws of 2019, and chapter . . . ,
6 Laws of 2025 (this act), "tolling authority" has the same meaning as
7 in RCW 47.56.810.

8 NEW SECTION. **Sec. 12.** Sections 1 through 10 of this act are
9 each added to chapter 47.10 RCW.

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