

SENATE BILL REPORT

HB 2063

As Reported By Senate Committee On:
Ways & Means, April 3, 1995

Title: An act relating to accelerating the implementation of projects currently eligible for funding under the public works assistance program.

Brief Description: Accelerating the implementation of projects currently eligible for funding under the public works assistance program.

Sponsors: Representatives Honeyford, Sehlin and Chopp.

Brief History:

Committee Activity: Ways & Means: 4/3/95 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Pelz, Roach, Sheldon, Snyder, Spanel, Sutherland, West and Winsley.

Minority Report: Do not pass.

Signed by Senator Finkbeiner.

Staff: Tracy Cox (786-7437)

Background: The Public Works Trust Fund Program was created by the Legislature in 1985 as a revolving loan program to assist local governments and special purpose districts with infrastructure projects. The program is funded through the Public Works Assistance Account, which receives revenue from utility and sales taxes on water, sewer, and garbage collection services; loan repayments; and a portion of the real estate excise tax. Infrastructure projects eligible for loan funding through the program include acquisition, construction, repair, and replacement of bridges, streets and roads, water systems, and sanitary and storm sewer projects. Port districts and school districts are expressly prohibited from receiving loans through the program.

The program is administered by the Public Works Board within the Department of Community, Trade, and Economic Development. The board is composed of 13 members, appointed by the Governor, representing cities; counties; water, sewer, and public utility districts; and the general public.

The Public Works Assistance Account is appropriated in the Capital Budget. Before allocating loan funds to local governments, the board must submit a list of recommended projects to the Legislature for approval. The Legislature may remove projects from the list, but may not change the order of recommended priorities. Loans for capital facilities plans

and emergency projects are exempt from the legislative approval requirement, but must be reported to the Legislature in an annual report.

Summary of Bill: In order to accelerate project completion, the Public Works Board may make loans for preconstruction activities on public works projects before legislative approval of the construction phase. Preconstruction activities are defined to include design, engineering, bid-document preparation, environmental studies, right of way acquisition, and other preliminary phases of projects prior to construction.

The board must adopt a single application process for local governments seeking both a preconstruction activity loan and a construction loan for a project. The receipt of a preconstruction activity loan does not ensure receipt of a construction loan for the project. Construction loans continue to require approval by the Legislature through the annual approval process.

Preconstruction loans may be made only from funds specifically appropriated for such purpose by the Legislature. The board must report any preconstruction loans made under this new authority to the Legislature in the annual report.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: There is too much lag time between when a project is approved by the Legislature and when construction can actually start. The lag time results in increased project costs. In 1994, only 34 of 54 approved projects began before the end of the year. This bill will allow construction to begin when the project is approved. The public works program is one of the most successful programs in government.

Testimony Against: None.

Testified: Betty Lochner, Public Works Board; Jim Justin, AWC (pro); Duke Schaub, Associated General Contractors (pro); Ron Judd, King County Labor Council (pro); Dick Ducharme, Utility Contractors Association (pro); Terry Rodgers, City of Olympia Public Works (pro).