

HOUSE BILL REPORT

HB 1647

*As Reported By House Committee on:
Trade & Economic Development
Capital Facilities & Financing*

Title: An act relating to public works board.

Brief Description: Authorizing public works loans to local governments in timber impact areas.

Sponsor(s): Representatives Locke, Jones, Rasmussen, Bowman and Wynne; by request of Department of Community Development and Office of Financial Management.

Brief History:

Reported by House Committee on:
Trade & Economic Development, March 1, 1991, DPA;
Capital Fac. & Financing, March 8, 1991, DPA(TED&CFF).

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass as amended.* Signed by 11 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Staff: Charlie Gavigan (786-7340).

Background: Timber harvest levels, particularly on federal lands, are expected to decrease significantly. This will adversely impact the state generally and timber communities specifically.

Impacts from the reduced timber supply will be very different in different geographic areas in Washington. Proximity to an urban center, local economic development capacity, productivity of mills in the area, source of logs, proximity to a port, and public and social infrastructure are all factors effecting impact.

The Public Works Assistance Account was created in 1985 to make loans and financial guarantees to local governments for public works projects. The public Works Assistance Account is administered by a 13 member Public Works Board. Technical assistance is also available to local governments.

The funds or guarantees provided by the Public Works Board can be used by a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sewer systems. The focus of these dollars is to repair and upgrade existing infrastructure.

Summary of Amended Bill: The Public Works Board is authorized to make loans to local governments in timber impact areas for construction of new public works facilities that stimulate economic development or growth. The loans can be low-interest or interest-free.

The Public Works Board must set criteria for awarding the loans to local governments, including: (1) imposing an excise tax on real estate of at least one quarter of one percent; (2) having a capital improvement plan; (3) having employment losses due to the timber economy; and (4) using the loan proceeds to create or save jobs, especially workers affected by the timber economy.

This act sunsets on June 30, 1993.

Amended Bill Compared to Original Bill: The amended bill clarifies that the Public Works Board must report to the Office of Financial Management and the Legislature.

Fiscal Note: Not requested.

Appropriation: Yes.

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

Testimony For: Timber-dependent communities need infrastructure to diversify and recover from the effects of the timber harvest reductions. Targeting a portion of the Public Works Trust Fund to timber-dependent communities and making these loans more flexible can help these communities survive.

Testimony Against: None.

Witnesses: Robert C. Anderson, Public Works Board (supports); Bill Vogler, Washington Association of Counties (supports); Derek Valley, State Capital Museum; Stan Finkelstein, Association of Washington Cities (supports); and Emile H. Combe, Port of Longview (supports).

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: Do pass as amended by Committee on Trade & Economic Development and as further amended by the Committee on Capital Facilities & Financing. Signed by 10 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Neher, Assistant Ranking Minority Member; Braddock; Fraser; Heavey; Jacobsen; Ogden; Peery; and Wang.

Minority Report: Do not pass. Signed by 5 members: Representatives Schmidt, Ranking Minority Member; Beck; Brough; Casada; and Silver.

Staff: Susan Nakagawa (786-7145).

Summary of Recommendation of Committee on Capital Facilities & Financing Compared to Recommendation of Committee on Trade & Economic Development: The \$7 million appropriation is removed. Requirements for quarterly loan status reports and post-assessment reports identifying economic growth and diversification resulting from the loans are added.

Fiscal Note: Available.

Appropriation: Removed.

Effective Date of Bill as Further Amended: Ninety days after adjournment of session in which bill is passed.

Testimony For: Targeting a portion of the Public Works Trust Fund to timber dependent communities will help these communities diversify their economy and recover from the effects of the timber decline and eminent economic crisis.

Testimony Against: The Public Works Trust Fund was created in 1985 in response to studies that identified an infrastructure crisis in this state. The purpose of the fund is to make loans to cities and counties to rebuild existing infrastructure and should not be diverted to fund economic development activities. The infrastructure problems have not been solved and the integrity of the trust fund must be maintained.

Witnesses: Bill Vogler, Washington Association of Counties (in favor); Linda Hurley Ishem, Department of Community Development (in favor); Dick Ducharme, Utilities Contractors Association (opposed); and Duke Schaub, Associated General Contractors (opposed).