

HOUSE BILL REPORT

HB 1019

As Amended by the Senate

Title: An act relating to appropriations for projects recommended by the public works board.

Brief Description: Implementing the public works board's recommendations for project loans.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Honeyford, Ogden, D. Sommers and Mason; by request of Public Works Board).

Brief History:

Committee Activity:

Capital Budget: 1/21/97, 1/23/97 [DP].

Floor Activity:

Passed House: 2/3/97, 97-0.

Senate Amended.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 10 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Sullivan, Assistant Ranking Minority Member; Costa; Hankins; Lantz; Mitchell; D. Sommers and H. Sommers.

Staff: Karl Herzog (786-7271).

Background: The public works assistance account, commonly known as the public works trust fund, was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. The Public Works Board, within the Department of Community, Trade and Economic Development (CTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

The account receives dedicated revenue from utility and sales taxes on water, sewer service, and garbage collection; from a portion of the real estate excise tax; and from

loan repayments. The cash balance in the account has been steadily growing since 1985 because of the delay between project authorization and construction.

Each year, the Public Works Board is required to submit a list of public works projects to the Legislature for approval. The Legislature may delete a project from the list, but may not add any projects or change the order of project priorities. Legislative approval is not required for emergency loans from funds specifically appropriated for this purpose by the Legislature.

The public works assistance account appropriation is made in the capital budget, but the project list is submitted annually in separate legislation. The CTED received an appropriation of \$148.9 million from the public works assistance account in the 1995-97 capital budget. This amount included \$128.9 million in expected revenue to the account and \$20 million from the account's cash balance. Twenty million dollars of the 1995-97 appropriation was provided specifically for preconstruction activity loans under Chapter 363, Laws of 1995. The remaining \$128.9 million is available for public works project loans in the 1996 and 1997 loan cycles. During the 1996 session, the Legislature approved 67 projects totaling \$96,785,915 for the 1996 loan cycle.

Summary of Bill: As recommended by the Public Works Board, 34 public works project loans totaling \$57,720,494 are authorized for the 1997 loan cycle. This authorization includes 15 projects, totaling \$29,960,307, from funds previously appropriated by the Legislature, and 19 projects, totaling \$27,760,187, from a \$25 million supplemental appropriation contained in the bill. The supplemental appropriation is from the cash balance that has accumulated within the account.

The 34 authorized projects fall into the following categories:

- (1) Seventeen water projects totaling \$21,537,372;
- (2) Twelve sewer projects totaling \$26,109,602;
- (3) Two road projects totaling \$2,331,995; and
- (4) Three bridge projects totaling \$7,741,525.

The sum of \$1,898,649 is authorized to be used by the Public Works Board to provide emergency loans to local governments.

EFFECT OF SENATE AMENDMENT(S): The Public Works Board is required to ensure that, at the beginning of each fiscal quarter, there is a sufficient fund balance in the public works assistance account to cover the disbursements anticipated during the quarter.

Appropriation: \$25 million from the public works assistance account to the Department

of Community, Trade and Economic Development.

Fiscal Note: Not requested.

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

Testimony For: The public works trust fund, created in 1985, has become a model process nationwide. It is a user-friendly program that helps restore and replace infrastructure. Projects are well planned and provide one of the best uses of taxpayer dollars. The program assists the rate payers of sewer and other utility systems, and provides important health and safety benefits. These projects will restore infrastructure systems into the next century. Appropriation of the cash balance in the account (the float) is prudent. All of government should work this way.

Testimony Against: None.

Testified: Dan Sexton, Association of Plumbers and Pipefitters; Judy Nelson, Covington Water District; Dick Ducharme, Utility Contractors Association of Washington; Duke Schaub, Associated General Contractors; Robert Dilger, Washington Building and Construction Trades Council; Allan B. Darr, Operating Engineers; Dana Dick, Val Vue Sewer District; Jim Justin, Association of Washington Cities; John Woodworth, Vice Chair, Public Works Board; and Betty Lochner, Department of Community, Trade and Economic Development (all in favor).