

HOUSE BILL REPORT

SB 6171

As Reported By House Committee On:

Capital Budget

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

Brief Description: Authorizing loans for projects recommended by the public works board.

Sponsors: Senators Strannigan, Fraser, West and Spanel; by request of Public Works Board.

Brief History:

Committee Activity:

Capital Budget: 2/19/98, 2/20/98 [DP].

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: Susan Howson (786-7142).

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; a portion of the real estate excise tax; and loan repayments.

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 about \$181 million from the public works assistance account in the 1997-99 capital budget. This amount included \$150 million in expected revenue to the account and \$30 million from the account's cash balance. The \$181 million is available for public works project loans in the 1998 and 1999 loan cycles. During the 1997 session, the Legislature approved 34 projects totaling \$57,720,494 for the 1997 loan cycle.

Summary of Bill: As recommended by the Public Works Board, 71 public works project loans totaling \$124,465,982 are authorized for the 1998 loan cycle.

The 71 authorized projects fall into the following categories:

- (1) Thirty-eight water projects totaling \$55,611,706;
- (2) Nineteen sewer projects totaling \$32,281,917;
- (3) Six road projects totaling \$20,923,038;
- (4) Three bridge projects totaling \$7,694,103;
- (5) Four storm projects totaling \$6,104,218; and
- (6) One solid waste project totaling \$1,851,000.

The sum of \$2,205,326 is authorized to be used by the Public Works Board to provide emergency loans to local governments.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This is a successful program that supports local communities and creates jobs. The loan fund program works well because it results in many beneficiaries. These funds allow smaller communities to complete critical projects that they may not otherwise be able to complete.

Testimony Against: None.

Testified: PRO: John Woodworth, Chair, Public Works Board; Pete Butkus, DCTED; Duke Schaub, Associated General Contractors of WA; Allan Darr, Int'l Union of Operating Engineers; Brandi Dennis-Pena, City of Lacey Public Works; Jim Justin, Association of WA Cities; Tamarah Knapp, City of Buckley; and Steve Lindstrom, Sno-King Water District Coalition.