

January 26, 1998

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development

FROM: Kenny Pittman, Research Analyst (786-7392)

RE: **HB 2472 - Repealing public works board rural natural resources loans.**

BACKGROUND:

The public works assistance account, commonly known as the Public Works Trust Fund, was created by the Legislature in 1995 as a revolving loan program to assist local governments and special purpose districts with infrastructure projects. The Public Works Board, within the Department of Community, Trade, and Economic Development, 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 systems, and sanitary and storm sewer projects.

The Rural Natural Resources Program (RNRP) within the Public Works Trust Fund provides loans to non-metropolitan counties and non-urbanized areas experiencing job losses in the lumber, wood products, and commercial salmon fishing industries, and having unemployment rates 20 percent or more above the state average. Loan under the RNRP may be used for public works projects that support new or expanded public works facilities and stimulate economic growth or diversification. In contrast, the regular Public Works Trust Fund program cannot be used for growth-related projects. Loan repayments under the RNRP may be deferred for up to five years, through the loan must be repaid within 20 years.

The Community Economic Revitalization Board (CERB), was created by the Legislature in 1982 to provide financial assistance through loans and grants to cities, counties, and port districts. The financial assistance is used for buildings and other public infrastructure necessary to retain or create jobs in a community. Financial assistance is available to local governments and must be related to a specific firm or firms that have committed to the site location.

CERB also offers a targeted program for timber or salmon-dependent communities for job retention and creation. The major difference is that this program does not require a site-specific commitment from a business. This allows the local government or port district to build the infrastructure necessary to attract a business to the area.

In the 1997-99 budget, the Governor proposed supplementing funding for the CERB timber-salmon program with funding from the public works board account. The second part of the Governor's proposal was to simplify the RNRP application process and service delivery by removing the public works board authority to engage in RNRP activities. This would reduce the number of funding sources that communities would have to apply to for financial assistance for infrastructure development related to job retention and creation. The Governor's budget provisions were enacted, the repeal of the RNRP was not.

SUMMARY:

The Rural Natural Resources Program (RNRP) within the Public Works Trust Fund is repealed.

Appropriation: None.

Fiscal Note: Not requested.

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