

HOUSE BILL ANALYSIS

HB 2326

Title: An act relating to the budget authority of the Public Works Board, expenditures from the Public Works Assistance Account, and clarifying capital facility planning requirements.

Brief Description: Managing capital facility projects by the Public Works Board.

Sponsors: Representatives Murray and Mitchell.

Brief Summary of Bill

- Increases the percentage of the Public Works Assistance Account that can be used for emergency loans, preconstruction loans and loans for capital facility planning.
- Expands the definition of Public Works Project– in order to develop a broader base of information for the development of capital facility plans.

Contact: Bill Robinson (360) 786-7140

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 funds to assist local governments 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 Public Works Assistance Account receives dedicated revenue from: a portion of the state real estate excise tax; utility and sales taxes on local water, sewer, and garbage collection; and loan repayments. The Legislative appropriation from the Public Works Assistance Account is made in the Capital Budget, however the project list is submitted annually in separate legislation. 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 it may not add any projects or change the order of project priorities.

Emergency Loan Program

The Emergency Loan Program under the Public Works Trust Fund was approved by the Legislature in 1988 to provide timely financial assistance to local governments for public works emergencies. The Public Works Board has defined an emergency as a public works project made necessary by a natural disaster, or an immediate and emergent threat to the public health or safety due to unforeseen or unavoidable circumstances.– The loans may be used to fund all or part of an emergency public works project less any reimbursement from federal and state disaster funds, insurance settlements, or litigation. To date, 41 emergency loans valued at \$6,215,705, have been executed. Legislative approval is not required for emergency loans from funds specifically appropriated for this purpose by the Legislature.

Pre-Construction Loan Program

In 1995, the Legislature passed HB 2063 which authorized the Public Works Board to make low-interest loans to local governments for pre-construction activities on public works projects. The following types of activities are eligible for funding under the Pre-Construction Loan Program: design and engineering, bid document preparation, environmental studies, and right-of-way acquisition. To date, the Public Works Board has approved 86 pre-construction loans totaling \$17,866,411. Legislative approval is not required for pre-construction loans from funds specifically appropriated for this purpose by the Legislature.

Public Works Planning Loan Program

The Public Works Trust Fund requires that each applying jurisdiction have a capital facility plan for all Trust Fund eligible systems. To help clients meet this requirement, the Public Works Board developed the Public Works Planning Loan Program to finance the development of capital facility plans. During the 1993 session, legislation authorized the Public Works Board to make these loans available year round, without annual legislative approval. Since 1989, the Public Works Trust Fund has assisted 55 local governments in the development of capital facility plans.

Summary of Bill:

Expands the definition of Public Works Project– under RCW 43.155 to include planning projects that may include biological, hydrological, or other data on a county drainage basin or region, in order to develop a base of information for a capital facility plan.

Increases the percentage of the Public Works Assistance Account that can be used for emergency loans from five percent of biennial capital appropriations to twenty percent. In addition to emergency loans, preconstruction loans and loans for capital facility planning are included in the twenty percent limitation. These loans no longer need a specific appropriation by the Legislature.

Deletes the transfer of funds from the Public Works Assistance Account to the Flood Control Assistance Account authorized during the 1995-97 biennium.

Appropriation: None

Fiscal Note: Not requested.

Agency Rule Making Impact: None.

Effective Date: Ninety days after adjournment of the legislative session in which the bill is enacted.