

SENATE BILL REPORT

SB 6275

As Passed Senate, February 12, 2000

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

Brief Description: Providing loans for certain public works projects.

Sponsors: Senators McAuliffe and Zarelli; by request of Public Works Board.

Brief History:

Committee Activity: Ways & Means: 1/26/2000, 1/27/2000 [DP].
Passed Senate, 2/12/2000, 40-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fraser, Honeyford, Kline, Kohl-Welles, McDonald, Rasmussen, Rossi, B. Sheldon, Spanel, Thibaudeau, Winsley, Wojahn and Zarelli.

Staff: Michael Groesch (786-7434)

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. Approximately \$212 million is expected to be generated by these sources during the 1999-01 biennium. The cash balance in the account has been steadily growing since 1985 because of the delay between project authorization and construction.

The public works assistance account appropriation is made in the capital budget, but the project list is submitted annually in separate legislation. CTED received an appropriation of about \$203 million from the public works assistance account in the 1999-01 capital budget: \$191 million for construction loans; \$10 million for pre-construction loans; and \$2 million for emergency loans. The funding is available for public works project loans in the 2000 and 2001 loan cycles.

Each year, the Public Works Board is required to submit a list of public works projects to the Legislature for approval. RCW 43.155.070 states: "The legislature may remove projects

from the list recommended by the board." And continues to state, "The legislature shall not change the order of the priorities recommended for funding by the board." Legislative approval is not required for funds specifically appropriated for pre-construction activities or emergency loans.

Summary of Bill: As recommended by the Public Works Board, 63 public works project loans totaling \$123,524,762 are authorized for the 2000 loan cycle.

The 63 authorized projects fall into the following categories:

- (1) Twenty-six water projects totaling \$37,227,432;
- (2) Twenty-one sewer projects totaling \$32,982,676;
- (3) Ten road projects totaling \$21,630,310;
- (4) Two bridge projects totaling \$12,391,144;
- (5) Three storm projects totaling \$9,293,200; and
- (6) One solid waste project totaling \$10,000,000.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The program is a national benchmark and example for creative and successful infrastructure financing. These loans provide the means to construct critically need infrastructure projects for local governments. A recent study of state infrastructure needs has highlighted the importance of this program. The project list represents \$222 million in total project costs and between 6,500 and 7,500 jobs thereby contributing to economic health and employment throughout the state.

Concerns: There may be less money to support future project lists if budget recommendations to transfer moneys out of the fund are implemented.

Testimony Against: None.

Testified: Senator Rosemary McAuliffe; Pete Butkus, Department of Community, Trade, and Economic Development; John Woodworth, Public Works Board; Tom Frare, City of Olympia; Allan Darr, WA St. Building and Construction Trades Council; Joe Daniels, WA Assn. of Sewer and Water Districts; Dave Ducharme, Utility Contractors Assn. of WA.; Rick Slunaker, Assn. of General Contractors; Jim Potts, Rural Counties; Jim Justin; Assn. of WA Cities.