

FINAL BILL REPORT

HB 2425

C 242 L 02

Synopsis as Enacted

Brief Description: Funding the community economic revitalization board.

Sponsors: By Representatives Doumit, Dunn, Hatfield, Veloria, Conway, Ogden, Rockefeller, Linville, Lantz, Kagi, McIntire, Haigh, Wood, Kessler, Kenney, Simpson, Jackley and Fromhold; by request of Governor Locke.

House Committee on Trade & Economic Development
House Committee on Capital Budget
Senate Committee on Economic Development & Telecommunications
Senate Committee on Ways & Means

Background:

The Community Economic Revitalization Board (CERB) Program was created in 1982 to provide direct loans and grants to counties, cities, and special purpose districts for economic development-related infrastructure improvements. The CERB financing is available for public improvements that include the acquisition, construction, or repair of: domestic and industrial water, sewer, and storm water infrastructure; bridge, railroad, electricity, telecommunication, and road improvements; buildings and structures; port facilities; and feasibility studies. The CERB financing must be necessary to either bring a new business into the community or expand or retain an existing business that is already located in the community.

The Public Works Trust Fund (PWTF) Program was created in 1985 to provide loans to counties, cities, and certain special purpose districts, which do not include school and port districts, to improve existing public infrastructure. The PWTF loans are available for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems, and solid waste facilities, including recycling facilities. In order to qualify for financial assistance under the PWTF, the county, city, and special purpose district must: (1) impose an excise tax on the sale of real estate of at least one-quarter of 1 percent; (2) have developed a long-term plan for financing public works needs; and (3) be using all local revenue sources that are reasonably available for funding public works.

In 1991 the Legislature authorized the use of a limited amount of PWTF monies to be used for new public infrastructure improvements in timber-dependent communities. In 1995 the Legislature re-authorized the use of a limited amount of PWTF monies in

timber-dependent communities and expanded its focus to include rural natural resource impact areas.

The state treasurer retains the interest earnings on all accounts, unless they are specifically exempted from this requirement or the account is allowed to retain a specified percentage of interest earnings. The repayments of loan principal and interest for both CERB and PWTF loans are placed into separate accounts in the state treasury (public facilities construction loan revolving account and the public works assistance account). The interest earned on these accounts, along with the interest earned from various other accounts, is deposited into the state general fund.

Summary:

An ongoing source of funding is provided for the CERB by making transfers of repayments of principal and interest on loans made by the PWTF program under the timber and rural natural resources impact area programs and on interest earnings generated by the public facilities construction loan revolving account.

The state treasurer is required to annually transfer an amount equal to 12 to 22 percent of the repayment of principal and interest on loans made by the PWTF program, under the timber and rural natural resources impact area programs, into the public facilities construction loan revolving account. The transfer cannot exceed \$4.5 million per year and ends June 30, 2007.

Beginning July 1, 2004, the CERB program is authorized to retain 100 percent of the interest earnings on loan principal and interest repayments used to finance public facilities.

The CERB program must make at least 10 percent of its financial assistance available as grants to political subdivisions in any biennium.

Votes on Final Passage:

House 94 4
Senate 47 0 (Senate amended)
House 89 8 (House concurred)

Effective: June 13, 2002