

SENATE BILL REPORT

SHB 1000

As Reported By Senate Committee On:
Ways & Means, April 2, 2001

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: By House Committee on Capital Budget (originally sponsored by Representatives Murray, Alexander, Ogden, Schoesler, Armstrong, Linville and McIntire; by request of Public Works Board).

Brief History:

Committee Activity: Ways & Means: 3/21/01, 4/2/01 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley 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 funding to assist local governments 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 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, 48 emergency loans totaling \$8,278,183 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 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 104 pre-construction loans totaling \$21,875,121. 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 authorized 57 planning loans totaling \$1,217,799.

Summary of Bill: The definition of "public works project" under RCW 43.155 is expanded 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.

The percentage of the Public Works Assistance Account that can be used for emergency loans, pre-construction loans and loans for capital facility planning is capped at 15 percent of the biennial capital appropriation for the program. The allowable percentage that can be used for emergency loans is increased from 5 percent of biennial capital appropriations to 10 percent and not more than 1 percent may be expended for capital facility planning loans. These loans no longer need specific legislative approval.

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

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This is a successful program that creates jobs and provides a valuable infrastructure funding source for local governments. Increasing the percentage of the Public Works Assistance Account that can be used for emergency loans will give the Public Works Board additional flexibility in responding to unforeseen or unavoidable circumstances faced

by the local governments. The enhancements made to the program through this bill will provide the Public Works Board with broader flexibility to manage projects and respond to the changing needs of local governments.

Testimony Against: None.

Testified: PRO: Pete Butkus, Public Works Board; Rick Slunaker, Associated General Contractors of Washington; Bryan Wahl, Washington Association of Realtors; Joe Daniels, WA Association of Sewer and Water Districts; Jim Justin, AWC.