

SENATE BILL REPORT

SHB 1001

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

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

Brief Description: Authorizing projects recommended by the public works board.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Alexander, Murray, Armstrong, Hatfield, Dickerson, Linville, Kenney, Simpson, McIntire, Edmonds, Keiser, Schual-Berke, Ogden and Fromhold; 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, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, 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 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 \$239 million is expected to be generated by these sources during the 2001-03 biennium.

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 approximately \$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. The Legislature may remove projects from the list, but it may not add any projects or change the order of project priorities. 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, 46 public works project loans totaling \$73,502,877 are authorized for the 2001 loan cycle. In addition, \$1 million from the Public Works Assistance Account is recommended for emergency infrastructure loans.

The 46 authorized projects fall into the following categories:

- (1) Twenty-eight water projects totaling \$32,943,282;
- (2) Thirteen sewer projects totaling \$27,314,095;
- (3) One road project totaling \$3,000,000;
- (4) Two bridge projects totaling \$5,575,000; and
- (5) Two storm projects totaling \$4,670,500.

In addition, \$93.6 million is appropriated to the Department of Community, Trade, and Economic Development for 27 additional project loans recommended by the Public Works Board. The 27 projects fall into the following categories:

- (1) Ten water projects totaling \$46,628,085;
- (2) Eleven sewer projects totaling \$28,846,991;
- (3) Three road projects totaling \$13,152,155;
- (4) One bridge project totaling \$897,812; and
- (5) Two storm projects totaling \$4,068,025.

Appropriation: The sum of \$93,593,068 to the Department of Community, Trade, and Economic Development.

Fiscal Note: Not requested.

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

Testimony For: This is a successful program that creates jobs and provides a valuable infrastructure funding source for local governments. The program has an excellent track record. There have been no defaults on project loans made through the Public Works Trust Fund. Projects benefit both the economy and the citizens of the state of Washington. Quick approval of the legislation will allow local governments to take advantage of the spring construction season.

Testimony Against: None.

Testified: Pete Butkus, Public Works Board; Rick Slunaker, Associated General Contractors of Washington; Bryan Wahl, Washington Association of Realtors; Doug Levy, cities of Everett and Kent; Joe Daniels, Washington State Association of Sewer/Water Districts; Larry Archer, IUOE #612.