

FINAL BILL REPORT

SHB 1063

C 9 L 03

Synopsis as Enacted

Brief Description: Concerning projects to be funded by loans from the public works assistance account.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Morrell, Alexander, Dunshee, Lovick, Veloria, Upthegrove, Chase, McDermott, Morris, Schual-Berke, Kenney, Cody and Moeller).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background:

The Public Works Assistance Account (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 (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 \$250 million is expected to be generated by these sources during the 2001-03 biennium.

Each year the 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.

The Account appropriation generally is made in the Capital Budget, but the project list is submitted annually in separate legislation. The CTED received an appropriation of approximately \$230 million from the Account in the 2001-03 Capital Budget (an additional \$20 million appropriation authority was provided for possible federal funds that did not materialize). The funding is available for public works project loans in the 2002 and 2003 loan cycles. In 2002 the Legislature authorized a project list totaling \$206 million.

In addition to construction projects, the Account may also be used for emergency loans, preconstruction loans, and capital facility planning loans. The percentage of the Account that may be used for emergency loans, preconstruction loans, and loans for capital facility planning is capped at 15 percent of the biennial capital appropriation for the program. These loans do not need specific legislative approval. Funds from the Account are also used for the federal match for the Drinking Water Assistance Program and occasionally for other purposes.

The Board does not issue all the funds for a particular project at one time; typically, the funds are released periodically as the project proceeds over time. Consequently, a cash balance in the Account is built up due to this delay between project loans authorized and actual construction draws on those projects. In 2001 the Board changed from an approach that basically matched the project list with revenues, deciding to leverage the funds in the Account and use a significant portion of the cash balance by asking the Legislature for authorization for additional projects that exceeded the expected revenue by roughly the amount of the cash balance.

Summary:

As recommended by the Public Works Board, 27 additional public works project loans totaling \$71.7 million are authorized for the 2003 loan cycle under the appropriation provided for the 2003-05 biennium.

The 27 authorized projects fall into the following categories:

- (1) seven water projects totaling \$15.6 million;
- (2) fifteen sewer projects totaling \$33.7 million;
- (3) four road projects totaling \$12.4 million; and
- (4) one bridge project totaling \$10 million.

This makes the total project loans authorized by the Legislature for the 2001-2003 biennium \$277 million.

In addition, the appropriation from the Public Works Assistance Account in the 2001-2003 Capital Budget is increased by \$58.1 million.

Votes on Final Passage:

House 94 0
Senate 48 1

Effective: April 4, 2003