
Capital Budget Committee

HB 1063

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

Sponsors: Representatives Morrell, Alexander, Dunshee, Lovick, Veloria, Upthegrove, Chase, McDermott, Morris, Schual-Berke, Kenney, Cody and Moeller.

Brief Summary of Bill

- The bill authorizes the Public Works Board to provide an additional \$72 million in loans for specific local public works projects for the 2001-03 biennium.

Hearing Date: 1/20/03

Staff: Charlie Gavigan (786-7340).

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 \$240 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. 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.

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.

In addition to construction projects, the Public Works Assistance Account can also be used for emergency loans, preconstruction loans, and capital facility planning loans. The percentage of the Public Works Assistance Account that can 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 Public Works Assistance Account are also used for the federal match for the Drinking Water Assistance Program and occasionally for other purposes.

The Public Works 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 built up due to this delay between project loans authorized and actual construction draws on those projects. In 2001, the Board changed its approach that basically matched the project list with revenues, deciding to leverage the funds in the account and use up 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 (HB 1001).

Summary of Bill:

As recommended by the Public Works Board, 8 additional public works project loans totaling \$13.6 million are authorized for the 2003 loan cycle under the appropriation provided in the 2003-05 Capital Budget.

The 8 authorized projects fall into the following categories:

- (1) Three water projects totaling \$3.8 million;
- (2) Three sewer projects totaling \$2.4 million; and
- (3) One road project totaling \$1.4 million.

In addition, \$58.1 million is appropriated to the Department of Community, Trade and Economic Development for 19 additional project loans recommended by the Public Works Board. The 19 projects fall into the following categories:

- (1) Four water projects totaling \$11.8 million;
- (2) Twelve sewer projects totaling \$31.3 million;
- (3) Two road project totaling \$5 million; and
- (4) One bridge project totaling \$10 million.

This makes the total project loans authorized by the legislature for the 2001-03 biennium \$277 million.

Appropriation: None.

Fiscal Note: Not Requested.

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