

SENATE BILL REPORT

SB 5300

As of February 20, 2003

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

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

Sponsors: Senators Zarelli, Poulsen and Fairley.

Brief History:

Committee Activity: Ways & Means: 2/14/03.

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

Background: The Public Works Assistance Account 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, 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 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.

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.

Summary of Bill: 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 to the Public Works Assistance Account in the 2001-2003 capital budget is increased by \$58.1 million.

Appropriation: \$58.1 million.

Fiscal Note: Not requested.

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

Testimony For: The Public Works Trust Fund has been incredibly successful. They have made over \$1.3 billion in loans and have never had a late payment or default. These loans allow local governments to leverage other funds and invest in needed infrastructure projects.

Testimony Against: None.

Testified: Eric Johnson, Public Works Board Commissioner (Lewis County); Rick Slunaker, Associated General Contractors; Bryan Wahl, Realtors.