

HOUSE BILL REPORT

HB 2337

As Reported by House Committee On: Capital Budget

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: Representatives Linville, Strow, Dunshee, Appleton and Haler; by request of Department of Community, Trade, and Economic Development and Public Works Board.

Brief History:

Committee Activity:

Capital Budget: 1/9/06, 1/11/06 [DPS].

Brief Summary of Substitute Bill

- Approves the list of local government infrastructure projects funded under the Public Works Trust Fund Program in the 2005-07 Capital Budget. The list includes 35 projects totaling \$128.4 million.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Blake, Chase, Cox, Eickmeyer, Ericks, Ericksen, Green, Hasegawa, Kretz, Kristiansen, Lantz, McCune, Moeller, Morrell, Newhouse, O'Brien, Roach, Schual-Berke, Serben, Springer, Strow and Upthegrove.

Staff: Susan Howson (786-7142).

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 (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.

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 \$288.9 million from the Public Works Assistance Account in the 2005-07 Capital Budget. The funding is available for public works project loans in the 2006 and 2007 loan cycles.

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. Legislative approval is not required for pre-construction activities, planning loans, or emergency loans.

Summary of Substitute Bill:

As recommended by the Board, 35 public works project loans totaling \$128.4 million are authorized for the 2006 loan cycle. The 35 authorized projects fall into the following categories:

- (1) eight domestic water projects totaling \$20.3 million;
- (2) twenty-four sanitary sewer projects totaling \$103.1 million;
- (3) one storm sewer project totaling \$3.6 million; and
- (4) two road projects totaling \$1.5 million.

The Board may reimburse for expenses incurred prior to the execution of a loan agreement if the project meets the following requirements: (1) the project replaces a water line over a creek; and (2) the project need and timeline are being determined by a state agency and the city within its boundaries.

Substitute Bill Compared to Original Bill:

For projects on the 2006 recommended loan list, the substitute bill allows the Public Works Board to reimburse for expenses incurred prior to the execution of a loan agreement if the project meets certain requirements.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The Public Works Trust Fund program provides local governments with needed resources to address the replacement and repair of critical infrastructure. Over the next five years, the Public Works Board has documented a \$14 billion projected need for

financing critical infrastructure. The program is oversubscribed. There are always qualified projects that do not receive funding due to the level of available resources each biennium. Almost half of the revenue for the program comes from existing loan repayments. The Legislature is encouraged to protect the integrity of the fund by not allowing further transfers out of the account for other uses. The program supports local communities and creates jobs.

Testimony Against: None.

Persons Testifying: Representative Linville, prime sponsor; Kelly Snyder, Department of Community, Trade and Economic Development; Rick Slunaker, Associated General Contractors; Joe Daniels, Washington State Association of Water and Sewer Districts; John Rayback, King County Water District 54; and Cecilia Gardner, Public Works Board.

Persons Signed In To Testify But Not Testifying: None.