

SHB 1677 - H AMD 633

By Representative Tharinger

ADOPTED 06/29/2017

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.155.010 and 1996 c 168 s 1 are each amended to
4 read as follows:

5 The legislature finds that there exists in the state of
6 Washington over four billion dollars worth of critical projects for
7 the planning, acquisition, construction, repair, replacement,
8 rehabilitation, or improvement of streets and roads, bridges, water
9 systems, and storm and sanitary sewage systems. The December, 1983
10 Washington state public works report prepared by the planning and
11 community affairs agency documented that local governments expect to
12 be capable of financing over two billion dollars worth of the costs
13 of those critical projects but will not be able to fund nearly half
14 of the documented needs.

15 The legislature further finds that Washington's local governments
16 have unmet financial needs for solid waste disposal, including
17 recycling, and encourages the board to make an equitable geographic
18 distribution of the funds.

19 It is the policy of the state of Washington to encourage self-
20 reliance by local governments in meeting their public works needs and
21 to assist in the financing of critical public works projects by
22 making loans, grants, financing guarantees, and technical assistance
23 available to local governments for these projects.

24 **Sec. 2.** RCW 43.155.020 and 2009 c 565 s 33 are each amended to
25 read as follows:

26 ((~~Unless the context clearly requires otherwise,~~) The
27 definitions in this section (~~shall~~) apply throughout this chapter
28 unless the context clearly requires otherwise.

29 (1) "Board" means the public works board created in RCW
30 43.155.030.

1 (2) "Capital facility plan" means a capital facility plan
2 required by the growth management act under chapter 36.70A RCW or,
3 for local governments not fully planning under the growth management
4 act, a plan required by the public works board.

5 (3) "Department" means the department of commerce.

6 (4) "Financing guarantees" means the pledge of money in the
7 public works assistance account, or money to be received by the
8 public works assistance account, to the repayment of all or a portion
9 of the principal of or interest on obligations issued by local
10 governments to finance public works projects.

11 (5) "Local governments" means cities, towns, counties, special
12 purpose districts, and any other municipal corporations or quasi-
13 municipal corporations in the state excluding school districts and
14 port districts.

15 (6) "Public works project" means a project of a local government
16 for the planning, acquisition, construction, repair, reconstruction,
17 replacement, rehabilitation, or improvement of streets and roads,
18 bridges, water systems, or storm and sanitary sewage systems, lead
19 remediation of drinking water systems, and solid waste facilities,
20 including recycling facilities. A planning project may include the
21 compilation of biological, hydrological, or other data on a county,
22 drainage basin, or region necessary to develop a base of information
23 for a capital facility plan.

24 (7) "Solid waste or recycling project" means remedial actions
25 necessary to bring abandoned or closed landfills into compliance with
26 regulatory requirements and the repair, restoration, and replacement
27 of existing solid waste transfer, recycling facilities, and landfill
28 projects limited to the opening of landfill cells that are in
29 existing and permitted landfills.

30 (8) "Technical assistance" means training and other services
31 provided to local governments to: (a) Help such local governments
32 plan, apply, and qualify for loans, grants, and financing guarantees
33 from the board, and (b) help local governments improve their ability
34 to plan for, finance, acquire, construct, repair, replace,
35 rehabilitate, and maintain public facilities.

36 (9) "Value planning" means a uniform approach to assist in
37 decision making through systematic evaluation of potential
38 alternatives to solving an identified problem.

1 **Sec. 3.** RCW 43.155.030 and 1999 c 153 s 58 are each amended to
2 read as follows:

3 (1) The public works board is hereby created.

4 (2) The board shall be composed of seventeen members as provided
5 in this subsection:

6 (a) Thirteen members appointed by the governor for terms of four
7 years, except that five members initially shall be appointed for
8 terms of two years. ~~((The board))~~ These members shall include: ~~((a)~~
9 ~~Three))~~ (i) Two members, ~~((two))~~ one of whom shall be an elected
10 official~~((s))~~ and one shall be a public works manager or a finance
11 director, appointed from a list of at least six persons nominated by
12 ~~((the))~~ a state association of ~~((Washington))~~ cities or its
13 successor; ~~((b) three))~~ (ii) two members, ~~((two))~~ one of whom shall
14 be an elected official~~((s))~~ and one shall be a public works manager
15 or a finance director, appointed from a list of at least six persons
16 nominated by ~~((the Washington))~~ a state association of counties or
17 its successor; ~~((c) three))~~ (iii) one member~~((s))~~ appointed from a
18 list of at least ~~((six))~~ three persons nominated ~~((jointly))~~ by ~~((the~~
19 ~~Washington))~~ a state association of public utility districts
20 ~~((association and))~~ or its successor; (iv) one member appointed from
21 a list of at least three persons nominated by a state association of
22 water-sewer districts~~((r))~~ or ~~((their))~~ its successor~~((s))~~; and ~~((d)~~
23 ~~four))~~ (v) seven members appointed from the general public with
24 expertise in relevant fields. In appointing the ~~((four))~~ seven
25 general public members, the governor shall ~~((endeavor to))~~ balance
26 the geographical composition of the board and ~~((to))~~ include members
27 with special expertise in relevant fields such as public finance,
28 architecture and civil engineering, and public works construction.
29 The governor shall appoint one of the general public members of the
30 board as chair. The term of the chair shall coincide with the term of
31 the governor.

32 (b) Four members from the legislature appointed for terms of four
33 years. The speaker of the house of representatives shall appoint one
34 member from each of the two major caucuses of the house of
35 representatives and the president of the senate shall appoint one
36 member from each of the two major caucuses of the senate.
37 Additionally, the speaker of the house of representatives may
38 designate one member from each of the two major caucuses of the house
39 of representatives and the president of the senate may appoint one
40 member from each of the two major caucuses of the senate as alternate

1 members to take the place of the appointed member on the board for
2 meetings at which the member will be absent. The alternate member
3 shall have all powers to vote and participate in board deliberations
4 as the other board members.

5 (3) Staff support to the board shall be provided by the
6 department.

7 (4) Nonlegislative members of the board shall receive no
8 compensation but shall be reimbursed for travel expenses under RCW
9 43.03.050 and 43.03.060. Legislative members of the board shall be
10 reimbursed for travel in accordance with RCW 44.04.120.

11 (5) If a vacancy on the board occurs by death, resignation, or
12 otherwise, the governor shall fill the vacant position for the
13 unexpired term. Each vacancy in a position appointed from lists
14 provided by the associations under subsection (2) of this section
15 shall be filled from a list of at least three persons nominated by
16 the relevant association or associations. Any members of the board,
17 appointive or otherwise, may be removed by the governor for cause in
18 accordance with RCW 43.06.070 and 43.06.080.

19 **Sec. 4.** RCW 43.155.040 and 1985 c 446 s 10 are each amended to
20 read as follows:

21 The board may:

22 (1) Accept from any state or federal agency, loans or grants for
23 the planning or financing of any public works project and enter into
24 agreements with any such agency concerning the loans or grants;

25 (2) Provide technical assistance to local governments;

26 (3) Accept any gifts, grants, or loans of funds, property, or
27 financial or other aid in any form from any other source on any terms
28 and conditions which are not in conflict with this chapter;

29 (4) Develop a program that provides grants and additional
30 assistance to leverage federal programs, and other opportunities to
31 target deeper financial assistance to communities with economic
32 distress or projects that would result in rate increases to
33 residential utility rates that exceed a determined percentage of
34 median household income;

35 (5) Adopt rules under chapter 34.05 RCW as necessary to carry out
36 the purposes of this chapter;

37 ~~((+5))~~ (6) Do all acts and things necessary or convenient to
38 carry out the powers expressly granted or implied under this chapter.

1 **Sec. 5.** RCW 43.155.050 and 2015 3rd sp.s. c 4 s 959 and 2015 3rd
2 sp.s. c 3 s 7032 are each reenacted and amended to read as follows:

3 The public works assistance account is hereby established in the
4 state treasury. Money may be placed in the public works assistance
5 account from the proceeds of bonds when authorized by the legislature
6 or from any other lawful source. Money in the public works assistance
7 account shall be used to make loans and grants and to give financial
8 guarantees to local governments for public works projects. Moneys in
9 the account may also be appropriated or transferred to the water
10 pollution control revolving account and the drinking water assistance
11 account to provide for state match requirements under federal law
12 (~~for projects and activities conducted and financed by the board~~
13 ~~under the drinking water assistance account)). Not more than~~
14 (~~fifteen~~) twenty percent of the biennial capital budget
15 appropriation to the public works board from this account may be
16 expended or obligated for preconstruction loans and grants, emergency
17 loans and grants, or loans and grants for capital facility planning
18 under this chapter(~~of this amount, not more than ten percent of~~
19 ~~the biennial capital budget appropriation may be expended for~~
20 ~~emergency loans and not more than one percent of the biennial capital~~
21 ~~budget appropriation may be expended for capital facility planning~~
22 ~~loans)). Not more than ten percent of the biennial capital budget~~
23 appropriation to the public works board from this account may be
24 expended or obligated as grants for preconstruction, emergency,
25 capital facility planning, and construction projects. During the
26 2015-2017 fiscal biennium, the legislature may transfer from the
27 public works assistance account to the general fund, the water
28 pollution control revolving account, and the drinking water
29 assistance account such amounts as reflect the excess fund balance of
30 the account. (~~During the 2013-2015 fiscal biennium, the legislature~~
31 ~~may transfer from the public works assistance account to the~~
32 ~~education legacy trust account such amounts as specified by the~~
33 ~~legislature.) During the 2015-2017 fiscal biennium, the legislature~~
34 may appropriate moneys from the account for activities related to the
35 growth management act and the voluntary stewardship program. During
36 the 2015-2017 fiscal biennium, the legislature may transfer from the
37 public works assistance account to the state general fund such
38 amounts as specified by the legislature. (~~In the 2017-2019 fiscal~~
39 ~~biennium the legislature intends to allocate seventy three million~~

1 ~~dollars of future loan repayments paid into the public works~~
2 ~~assistance account to support basic education.))~~

3 **Sec. 6.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to
4 read as follows:

5 (1) In order to aid the financing of public works projects, the
6 board may:

7 ~~((1))~~ (a) Make ~~((low interest or interest free))~~ loans or
8 grants to local governments from the public works assistance account
9 or other funds and accounts for the purpose of assisting local
10 governments in financing public works projects. ~~((The board may~~
11 ~~require such terms and conditions and may charge such rates of~~
12 ~~interest on its loans as it deems necessary or convenient to carry~~
13 ~~out the purposes of this chapter.))~~ Money received from local
14 governments in repayment of loans made under this section shall be
15 paid into the public works assistance account for uses consistent
16 with this chapter.

17 ~~((2))~~ (b) Pledge money in the public works assistance account,
18 or money to be received by the public works assistance account, to
19 the repayment of all or a portion of the principal of or interest on
20 obligations issued by local governments to finance public works
21 projects. The board shall not pledge any amount greater than the sum
22 of money in the public works assistance account plus money to be
23 received from the payment of the debt service on loans made from that
24 account, nor shall the board pledge the faith and credit or the
25 taxing power of the state or any agency or subdivision thereof to the
26 repayment of obligations issued by any local government.

27 ~~((3))~~ (c) Create such subaccounts in the public works
28 assistance account as the board deems necessary to carry out the
29 purposes of this chapter.

30 ~~((4))~~ (d) Provide a method for the allocation of loans, grants,
31 and financing guarantees and the provision of technical assistance
32 under this chapter.

33 (2) When establishing interest rates for loan programs authorized
34 in this chapter for projects which are supported by a rate base of at
35 least fifty thousand equivalent residential units, the board must
36 base interest rates on the average daily market interest rate for
37 tax-exempt municipal bonds as published in the bond buyer's index for
38 the period from sixty to thirty days before the start of the
39 application cycle.

1 (a) For projects with a repayment period between five and twenty
2 years, the rate must be fifty percent of the market rate.

3 (b) For projects with a repayment period under five years, the
4 rate must be twenty-five percent of the market rate.

5 (c) For any year in which the average daily market interest rate
6 for tax-exempt municipal bonds for the period from sixty to thirty
7 days before the start of an application cycle is nine percent or
8 greater, the board may cap interest rates at four percent for
9 projects with a repayment period between five and twenty years and at
10 two percent for projects with a repayment period under five years.

11 (d) The board may also provide reduced interest rates, extended
12 repayment periods, or grants for projects that meet financial
13 hardship criteria as measured by the affordability index or similar
14 standard measure of financial hardship. The board may provide reduced
15 interest rates, extended repayment periods, or grants for projects
16 that are supported by a rate base of less than fifty thousand
17 equivalent residential units.

18 (3) All local public works projects aided in whole or in part
19 under the provisions of this chapter shall be put out for competitive
20 bids, except for emergency public works under RCW 43.155.065 for
21 which the recipient jurisdiction shall comply with this requirement
22 to the extent feasible and practicable. The competitive bids called
23 for shall be administered in the same manner as all other public
24 works projects put out for competitive bidding by the local
25 governmental entity aided under this chapter.

26 **Sec. 7.** RCW 43.155.065 and 2001 c 131 s 3 are each amended to
27 read as follows:

28 The board may make low-interest or interest-free loans or grants
29 to local governments for emergency public works projects. Emergency
30 public works projects shall include the construction, repair,
31 reconstruction, replacement, rehabilitation, or improvement of a
32 public water system that is in violation of health and safety
33 standards and is being operated by a local government on a temporary
34 basis. The loans or grants may be used to help fund all or part of an
35 emergency public works project less any reimbursement from any of the
36 following sources: (1) Federal disaster or emergency funds, including
37 funds from the federal emergency management agency; (2) state
38 disaster or emergency funds; (3) insurance settlements; or (4)
39 litigation.

1 **Sec. 8.** RCW 43.155.068 and 2001 c 131 s 4 are each amended to
2 read as follows:

3 (1) The board may make (~~(low interest or interest free)~~) loans or
4 grants to local governments for preconstruction activities on public
5 works projects before the legislature approves the construction phase
6 of the project. Preconstruction activities include design,
7 engineering, bid-document preparation, environmental studies, right-
8 of-way acquisition, value planning, and other preliminary phases of
9 public works projects as determined by the board. The purpose of the
10 loans and grants authorized in this section is to accelerate the
11 completion of public works projects by allowing preconstruction
12 activities to be performed before the (~~(approval of)~~) appropriation
13 for the construction phase of the project by the legislature.

14 (2) Projects receiving loans or grants for preconstruction
15 activities under this section must be evaluated using the priority
16 process and factors in RCW 43.155.070(~~((2))~~). The receipt of a loan
17 or grant for preconstruction activities does not ensure the receipt
18 of a construction loan or grant for the project under this chapter.
19 Construction loans or grants for projects receiving a loan or grant
20 for preconstruction activities under this section are subject to
21 legislative (~~(approval)~~) appropriation under RCW 43.155.070 (~~((4) and~~
22 ~~(5))~~) (7). The board shall adopt a single application process for
23 local governments seeking both a loan or grant for preconstruction
24 activities under this section and a construction loan for the
25 project.

26 **Sec. 9.** RCW 43.155.070 and 2015 3rd sp.s. c 3 s 7033 are each
27 amended to read as follows:

28 (1) To qualify for financial assistance under this chapter the
29 board must determine that a local government meets all of the
30 following conditions:

31 (a) The city or county must be imposing a tax under chapter 82.46
32 RCW at a rate of at least one-quarter of one percent;

33 (b) The local government must have developed a capital facility
34 plan; and

35 (c) The local government must be using all local revenue sources
36 which are reasonably available for funding public works, taking into
37 consideration local employment and economic factors.

38 (2) Except where necessary to address a public health need or
39 substantial environmental degradation, a county, city, or town

1 planning under RCW 36.70A.040 may not receive financial assistance
2 under this chapter unless it has adopted a comprehensive plan,
3 including a capital facilities plan element, and development
4 regulations as required by RCW 36.70A.040. This subsection does not
5 require any county, city, or town planning under RCW 36.70A.040 to
6 adopt a comprehensive plan or development regulations before
7 requesting or receiving financial assistance under this chapter if
8 such request is made before the expiration of the time periods
9 specified in RCW 36.70A.040. A county, city, or town planning under
10 RCW 36.70A.040 that has not adopted a comprehensive plan and
11 development regulations within the time periods specified in RCW
12 36.70A.040 may apply for and receive financial assistance under this
13 chapter if the comprehensive plan and development regulations are
14 adopted as required by RCW 36.70A.040 before executing a contractual
15 agreement for financial assistance with the board.

16 (3) In considering awarding financial assistance for public
17 facilities to special districts requesting funding for a proposed
18 facility located in a county, city, or town planning under RCW
19 36.70A.040, the board must consider whether the county, city, or town
20 planning under RCW 36.70A.040 in whose planning jurisdiction the
21 proposed facility is located has adopted a comprehensive plan and
22 development regulations as required by RCW 36.70A.040.

23 ~~(4) ((The board must develop a priority process for public works
24 projects as provided in this section. The intent of the priority
25 process is to maximize the value of public works projects
26 accomplished with assistance under this chapter. The board must
27 attempt to assure a geographical balance in assigning priorities to
28 projects. The board must consider at least the following factors in
29 assigning a priority to a project:~~

30 ~~(a) Whether the local government receiving assistance has
31 experienced severe fiscal distress resulting from natural disaster or
32 emergency public works needs;~~

33 ~~(b) Except as otherwise conditioned by RCW 43.155.110, whether
34 the entity receiving assistance is a Puget Sound partner, as defined
35 in RCW 90.71.010;~~

36 ~~(c) Whether the project is referenced in the action agenda
37 developed by the Puget Sound partnership under RCW 90.71.310;~~

38 ~~(d) Whether the project is critical in nature and would affect
39 the health and safety of a great number of citizens;~~

1 ~~(e) Whether the applicant's permitting process has been certified~~
2 ~~as streamlined by the office of regulatory assistance;~~

3 ~~(f) Whether the applicant has developed and adhered to guidelines~~
4 ~~regarding its permitting process for those applying for development~~
5 ~~permits consistent with section 1(2), chapter 231, Laws of 2007;~~

6 ~~(g) The cost of the project compared to the size of the local~~
7 ~~government and amount of loan money available;~~

8 ~~(h) The number of communities served by or funding the project;~~

9 ~~(i) Whether the project is located in an area of high~~
10 ~~unemployment, compared to the average state unemployment;~~

11 ~~(j) Whether the project is the acquisition, expansion,~~
12 ~~improvement, or renovation by a local government of a public water~~
13 ~~system that is in violation of health and safety standards, including~~
14 ~~the cost of extending existing service to such a system;~~

15 ~~(k) Except as otherwise conditioned by RCW 43.155.120, and~~
16 ~~effective one calendar year following the development of model~~
17 ~~evergreen community management plans and ordinances under RCW~~
18 ~~35.105.050, whether the entity receiving assistance has been~~
19 ~~recognized, and what gradation of recognition was received, in the~~
20 ~~evergreen community recognition program created in RCW 35.105.030;~~

21 ~~(l) The relative benefit of the project to the community,~~
22 ~~considering the present level of economic activity in the community~~
23 ~~and the existing local capacity to increase local economic activity~~
24 ~~in communities that have low economic growth; and~~

25 ~~(m) Other criteria that the board considers advisable.~~

26 ~~(5) For the 2015-2017 fiscal biennium, in place of the criteria,~~
27 ~~ranking, and submission processes for construction loan lists~~
28 ~~provided in subsections (4) and (7) of this section:)~~

29 (a) The board must develop a process ((for numerically ranking))
30 to prioritize applications ((for construction)) and funding of loans
31 and grants for public works projects submitted by local governments.
32 The board must consider, at a minimum and in any order, the following
33 factors in ((assigning a numerical ranking to a)) prioritizing
34 projects:

35 (i) Whether the project is critical in nature and would affect
36 the health and safety of many people;

37 (ii) The extent to which the project leverages ((nonstate)) other
38 funds;

39 (iii) The extent to which the project is ready to proceed to
40 construction;

1 (iv) Whether the project is located in an area of high
2 unemployment, compared to the average state unemployment;

3 (v) Whether the project promotes the sustainable use of resources
4 and environmental quality, as applicable;

5 (vi) Whether the project consolidates or regionalizes systems;

6 (vii) Whether the project encourages economic development through
7 mixed-use and mixed income development consistent with chapter 36.70A
8 RCW;

9 (viii) Whether the system is being well-managed in the present
10 and for long-term sustainability;

11 (ix) Achieving equitable distribution of funds by geography and
12 population;

13 (x) The extent to which the project meets the following state
14 policy objectives:

15 (A) Efficient use of state resources;

16 (B) Preservation and enhancement of health and safety;

17 (C) Abatement of pollution and protection of the environment;

18 (D) Creation of new, family-wage jobs, and avoidance of shifting
19 existing jobs from one Washington state community to another;

20 (E) Fostering economic development consistent with chapter 36.70A
21 RCW;

22 (F) Efficiency in delivery of goods and services (~~(, public~~
23 ~~transit,)~~) and transportation; and

24 (~~(G) ((Avoidance of additional costs to state and local~~
25 ~~governments that adversely impact local residents and small~~
26 ~~businesses; and~~

27 ~~(H))~~) Reduction of the overall cost of public infrastructure;
28 ((~~and~~))

29 (xi) Whether the applicant sought or is seeking funding for the
30 project from other sources; and

31 (xii) Other criteria that the board considers necessary to
32 achieve the purposes of this chapter.

33 (b) Before ((~~November~~)) September 1, ((2016)) 2018, and each year
34 thereafter, the board must develop and submit a report regarding the
35 construction loans and grants to the office of financial management
36 and appropriate fiscal committees of the senate and house of
37 representatives ((~~a ranked list of qualified public works projects~~
38 ~~which have been evaluated by the board and are recommended for~~
39 ~~funding by the legislature~~)). The report must include:

1 (i) The total number of applications and amount of funding
2 requested for public works projects;

3 (ii) A list and description of projects approved in the preceding
4 fiscal year with project scores against the board's prioritization
5 criteria;

6 (iii) The total amount of loan and grants disbursements made from
7 the public works assistance account in the preceding fiscal year;

8 (iv) The total amount of loan repayments in the preceding fiscal
9 year for outstanding loans from the public works assistance account;

10 (v) The total amount of loan repayments due for outstanding loans
11 for each fiscal year over the following ten-year period; and

12 (vi) The total amount of funds obligated and timing of when the
13 funds were obligated in the preceding fiscal year.

14 (c) The maximum amount of funding that the board may
15 ((recommend)) provide for any jurisdiction is ten million dollars per
16 biennium. ((For each project on the ranked list, as well as for
17 eligible projects not recommended for funding, the board must
18 document the numerical ranking that was assigned.

19 (+6)) (5) Existing debt or financial obligations of local
20 governments may not be refinanced under this chapter. Each local
21 government applicant must provide documentation of attempts to secure
22 additional local or other sources of funding for each public works
23 project for which financial assistance is sought under this chapter.

24 ((+7)) (6) Before ((November)) September 1st of each ((even-
25 numbered)) year, the board must develop and submit to the appropriate
26 fiscal committees of the senate and house of representatives a
27 description of the loans and grants made under RCW 43.155.065((+))
28 and 43.155.068((+), and subsection (10) of this section during the
29 preceding fiscal year and a prioritized list of projects which are
30 recommended for funding by the legislature, including one copy to the
31 staff of each of the committees. The list must include, but not be
32 limited to, a description of each project and recommended financing,
33 the terms and conditions of the loan or financial guarantee, the
34 local government jurisdiction and unemployment rate, demonstration of
35 the jurisdiction's critical need for the project and documentation of
36 local funds being used to finance the public works project. The list
37 must also include measures of fiscal capacity for each jurisdiction
38 recommended for financial assistance, compared to authorized limits
39 and state averages, including local government sales taxes; real

1 ~~estate excise taxes; property taxes; and charges for or taxes on~~
2 ~~sewerage, water, garbage, and other utilities)).~~

3 ~~((+8))~~ (7) The board may not sign contracts or otherwise
4 financially obligate funds from the public works assistance account
5 before the legislature has appropriated funds to the board for ~~((a~~
6 ~~specific list of))~~ the purpose of funding public works projects under
7 this chapter. ~~((The legislature may remove projects from the list~~
8 ~~recommended by the board. The legislature may not change the order of~~
9 ~~the priorities recommended for funding by the board.~~

10 ~~(9) Subsection (8) of this section does not apply to loans made~~
11 ~~under RCW 43.155.065, 43.155.068, and subsection (10) of this~~
12 ~~section.~~

13 ~~(10) Loans made for the purpose of capital facilities plans are~~
14 ~~exempted from subsection (8) of this section.~~

15 ~~(+11))~~ (8) To qualify for loans, grants, or pledges for solid
16 waste or recycling facilities under this chapter, a city or county
17 must demonstrate that the solid waste or recycling facility is
18 consistent with and necessary to implement the comprehensive solid
19 waste management plan adopted by the city or county under chapter
20 70.95 RCW.

21 ~~((+12))~~ (9) After January 1, 2010, any project designed to
22 address the effects of storm water or wastewater on Puget Sound may
23 be funded under this section only if the project is not in conflict
24 with the action agenda developed by the Puget Sound partnership under
25 RCW 90.71.310.

26 ~~((+13) During the 2015-2017 fiscal biennium,))~~ (10) For projects
27 involving repair, replacement, or improvement of a wastewater
28 treatment plant or other public works facility for which an
29 investment grade efficiency audit is reasonably obtainable, the
30 public works board must require as a contract condition that the
31 project sponsor undertake an investment grade efficiency audit. The
32 project sponsor may finance the costs of the audit as part of its
33 public works assistance account program loan or grant.

34 ~~((+14)(a) For public works assistance account application rounds~~
35 ~~conducted during the 2015-2017 fiscal biennium,))~~ (11) The board must
36 implement policies and procedures designed to maximize local
37 government ~~((use))~~ consideration of ~~((federal))~~ other funds to
38 finance local infrastructure ~~((including, but not limited to,~~
39 ~~drinking water and clean water state revolving funds operated by the~~
40 ~~state departments of health and ecology. Projects that are eligible~~

1 ~~for the drinking water and clean water state revolving funds may~~
2 ~~receive public works board preconstruction loans. Projects that are~~
3 ~~eligible for the drinking water and clean water state revolving funds~~
4 ~~are not eligible for public works board construction loans. For~~
5 ~~purposes of this subsection "eligible for drinking water and clean~~
6 ~~water state revolving funds" means:~~

7 ~~(i) Projects that have applied to the state revolving funds and~~
8 ~~are awaiting a funding decision;~~

9 ~~(ii) Projects that have been rejected for funding solely due to~~
10 ~~not meeting readiness requirements; and~~

11 ~~(iii) Projects that have not applied, but would likely be~~
12 ~~eligible if the project applied and met the project readiness~~
13 ~~requirements.~~

14 ~~(b) For all construction loan projects proposed to the~~
15 ~~legislature for funding during the 2015-2017 fiscal biennium, the~~
16 ~~board must base interest rates on the average daily market interest~~
17 ~~rate for tax-exempt municipal bonds as published in the bond buyer's~~
18 ~~index for the period from sixty to thirty days before the start of~~
19 ~~the application cycle. For projects with a repayment period between~~
20 ~~five and twenty years, the rate must be sixty percent of the market~~
21 ~~rate. For projects with a repayment period under five years, the rate~~
22 ~~must be thirty percent of the market rate. The board must also~~
23 ~~provide reduced interest rates, extended repayment periods, or~~
24 ~~forgivable principal loans for projects that meet financial hardship~~
25 ~~criteria as measured by the affordability index or similar standard~~
26 ~~measure of financial hardship)).~~

27 **Sec. 10.** RCW 43.155.075 and 2001 c 227 s 10 are each amended to
28 read as follows:

29 In providing loans and grants for public works projects, the
30 board shall require recipients to incorporate the environmental
31 benefits of the project into their applications, and the board shall
32 utilize the statement of environmental benefits in its prioritization
33 and selection process, when applicable. For projects funded under
34 this chapter, the board may require a local government to have
35 sustainable asset management best practices in place; provide a long-
36 term financial plan to demonstrate a sound maintenance program; have
37 a long-term financial plan for loan repayments in place; and undergo
38 value planning at the predesign project stage, where the greatest
39 productivity gains and cost savings can be found. The board shall

1 also develop appropriate outcome-focused performance measures to be
2 used both for management and performance assessment of the loan and
3 grant program. To the extent possible, the department should
4 coordinate its performance measure system with other natural
5 resource-related agencies as defined in RCW 43.41.270. The board
6 shall consult with affected interest groups in implementing this
7 section.

8 NEW SECTION. **Sec. 11.** (1) An interagency, multijurisdictional
9 system improvement team must identify, implement, and report on
10 system improvements that achieve the designated outcomes, including:

11 (a) Projects that maximize value, minimize overall costs and
12 disturbance to the community, and ensure long-term durability and
13 resilience;

14 (b) Projects that are designed to meet the unique needs of each
15 community, rather than the needs of particular funding programs;

16 (c) Project designs that maximize long-term value by fully
17 considering and responding to anticipated long-term environmental,
18 technological, economic and population changes;

19 (d) The flexibility to innovate, including utilizing natural
20 systems, addressing multiple regulatory drivers, and forming regional
21 partnerships;

22 (e) The ability to plan and collaborate across programs and
23 jurisdictions so that different investments are packaged to be
24 complementary, timely, and responsive to economic and community
25 opportunities;

26 (f) The needed capacity for communities, appropriate to their
27 unique financial, planning, and management capacities, so they can
28 design, finance, and build projects that best meet their long-term
29 needs and minimize costs;

30 (g) Optimal use and leveraging of federal and private
31 infrastructure dollars; and

32 (h) Mechanisms to ensure periodic, system-wide review and ongoing
33 achievement of the designated outcomes.

34 (2) The system improvement team must consist of representatives
35 of state infrastructure programs that provide funding for drinking
36 water, wastewater, and storm water programs, including but not
37 limited to representatives from the public works board, department of
38 ecology, department of health, and the department of commerce. The
39 system improvement team may invite representatives of other

1 infrastructure programs, such as transportation and energy, as needed
2 in order to achieve efficiency, minimize costs, and maximize value
3 across infrastructure programs. The system improvement team shall
4 also consist of representatives of users of those programs,
5 representatives of infrastructure project builders, and other parties
6 the system improvement team determines would contribute to achieving
7 the desired outcomes, including but not limited to representatives
8 from a state association of cities, a state association of counties,
9 a state association of public utility districts, a state association
10 of water and sewer districts, a state association of general
11 contractors, and a state organization representing building trades.
12 The public works board, a representative from the department of
13 ecology, department of health, and department of commerce shall
14 facilitate the work of the system improvement team.

15 (3) The system improvement team must focus on achieving the
16 designated outcomes within existing program structures and
17 authorities. The system improvement team shall use lean practices to
18 achieve the designated outcomes.

19 (4) The system improvement team shall provide briefings as
20 requested to the public works board on the current state of
21 infrastructure programs to build an understanding of the
22 infrastructure investment program landscape and the interplay of its
23 component parts.

24 (5) If the system improvement team encounters statutory or
25 regulatory barriers to system improvements, the system improvement
26 team must inform the public works board and consult on possible
27 solutions. When achieving the designated outcomes would be best
28 served through changes in program structures or authorities, the
29 system improvement team must report those findings to the public
30 works board.

31 (6) This section expires June 30, 2021.

32 NEW SECTION. **Sec. 12.** The public works board, in consultation
33 with stakeholders, including the system improvement team and
34 financing experts, must evaluate and report on other financing
35 approaches that could be established to provide access to financing
36 for local governments who have trouble accessing the existing private
37 credit market at reasonable rates for infrastructure. The public
38 works board must submit the report to the appropriate fiscal

1 committees of the senate and house of representatives and the office
2 of financial management by December 1, 2018.

3 **Sec. 13.** RCW 82.45.060 and 2013 2nd sp.s. c 9 s 6 are each
4 amended to read as follows:

5 There is imposed an excise tax upon each sale of real property at
6 the rate of one and twenty-eight one-hundredths percent of the
7 selling price. Beginning July 1, 2013, and ending June 30, (~~2019~~)
8 2023, an amount equal to two percent of the proceeds of this tax must
9 be deposited in the public works assistance account created in RCW
10 43.155.050, and an amount equal to four and one-tenth percent must be
11 deposited in the education legacy trust account created in RCW
12 83.100.230. Thereafter, an amount equal to six and one-tenth percent
13 of the proceeds of this tax to the state treasurer must be deposited
14 in the public works assistance account created in RCW 43.155.050.
15 Except as otherwise provided in this section, an amount equal to one
16 and six-tenths percent of the proceeds of this tax to the state
17 treasurer must be deposited in the city-county assistance account
18 created in RCW 43.08.290.

19 **Sec. 14.** RCW 82.16.020 and 2015 3rd sp.s. c 6 s 703 are each
20 amended to read as follows:

21 (1) There is levied and collected from every person a tax for the
22 act or privilege of engaging within this state in any one or more of
23 the businesses herein mentioned. The tax is equal to the gross income
24 of the business, multiplied by the rate set out after the business,
25 as follows:

26 (a) Express, sewerage collection, and telegraph businesses: Three
27 and six-tenths percent;

28 (b) Light and power business: Three and sixty-two one-hundredths
29 percent;

30 (c) Gas distribution business: Three and six-tenths percent;

31 (d) Urban transportation business: Six-tenths of one percent;

32 (e) Vessels under sixty-five feet in length, except tugboats,
33 operating upon the waters within the state: Six-tenths of one
34 percent;

35 (f) Motor transportation, railroad, railroad car, and tugboat
36 businesses, and all public service businesses other than ones
37 mentioned above: One and eight-tenths of one percent;

38 (g) Water distribution business: Four and seven-tenths percent;

1 (h) Log transportation business: One and twenty-eight one-
2 hundredths percent. The reduced rate established in this subsection
3 (1)(h) is not subject to the ten-year expiration provision in RCW
4 82.32.805(1)(a).

5 (2) An additional tax is imposed equal to the rate specified in
6 RCW 82.02.030 multiplied by the tax payable under subsection (1) of
7 this section.

8 (3) Twenty percent of the moneys collected under subsection (1)
9 of this section on water distribution businesses and sixty percent of
10 the moneys collected under subsection (1) of this section on sewerage
11 collection businesses must be deposited in the education legacy trust
12 account created in RCW 83.100.230 from July 1, 2013, through June 30,
13 (~~2019~~) 2023, and thereafter in the public works assistance account
14 created in RCW 43.155.050.

15 **Sec. 15.** RCW 82.18.040 and 2013 2nd sp.s. c 9 s 8 are each
16 amended to read as follows:

17 (1) Taxes collected under this chapter must be held in trust
18 until paid to the state. Except as otherwise provided in this
19 subsection (1), taxes received by the state must be deposited in the
20 public works assistance account created in RCW 43.155.050. For the
21 period beginning July 1, 2011, and ending June 30, 2015, taxes
22 received by the state under this chapter must be deposited in the
23 general fund for general purpose expenditures. For fiscal years 2016,
24 2017, and 2018, one-half of the taxes received by the state under
25 this chapter must be deposited in the general fund for general
26 purpose expenditures and the remainder deposited in the education
27 legacy trust account created in RCW 83.100.230. For fiscal years 2019
28 through 2023, taxes received by the state under this chapter must be
29 deposited in the education legacy trust account created in RCW
30 83.100.230. Any person collecting the tax who appropriates or
31 converts the tax collected is guilty of a gross misdemeanor if the
32 money required to be collected is not available for payment on the
33 date payment is due. If a taxpayer fails to pay the tax imposed by
34 this chapter to the person charged with collection of the tax and the
35 person charged with collection fails to pay the tax to the
36 department, the department may, in its discretion, proceed directly
37 against the taxpayer for collection of the tax.

38 (2) The tax is due from the taxpayer within twenty-five days from
39 the date the taxpayer is billed by the person collecting the tax.

1 (3) The tax is due from the person collecting the tax at the end
2 of the tax period in which the tax is received from the taxpayer. If
3 the taxpayer remits only a portion of the total amount billed for
4 taxes, consideration, and related charges, the amount remitted must
5 be applied first to payment of the solid waste collection tax and
6 this tax has priority over all other claims to the amount remitted."

7 Correct the title.

EFFECT: Specifies that the Legislature may appropriate or transfer funds from the Public Works Assistance Account (PWAA) for the drinking water and clean water revolving funds. Makes technical changes in subsection numbering and replaces references to legislative "approval" with "appropriations".

Includes the Public Works Board as a member of the interagency-multijurisdictional system improvement team.

Continues the deposit of the Real Estate Excise Tax, Public Utility Tax, and Solid Water Tax into the Education Legacy Trust Account (ELTA) through fiscal year 2023. After fiscal year 2023, revenues would be deposited in the Public Works Assistance Account.

--- END ---