
Capital Budget Committee

HB 1680

Brief Description: Concerning local government infrastructure funding.

Sponsors: Representatives Doglio, Chapman, Peterson, DeBolt, Appleton, Volz, Gregerson, Stokesbary, Pollet, Rude, Riccelli, MacEwen, Macri, Jenkin and Valdez.

Brief Summary of Bill

- Specifies that public works projects may include natural or green infrastructure.
- Allows for up to 1 percent of the biennial capital budget appropriation for the public works board to be used for value planning grants.
- Ends the deposit of 4.1 percent of the Real Estate Excise Tax (REET) into the Education Legacy Trust Account, in fiscal year 2019 rather than fiscal year 2023.
- Prioritizes the 4.1 percent of REET that is deposited into the Public Works Assistance Account, from the 2019-21 through the 2021-23 biennium, for infrastructure projects that support housing development.

Hearing Date: 2/19/19

Staff: Melissa Palmer (786-7388).

Background:

The Public Work Board.

The Public Works Board (Board) may make low-interest loans or grants from the Public Works Assistance Account (PWAA) to finance the acquisition, construction, repair, replacement, or improvement of the following local public works: bridges, streets, and roads; water systems; storm and sanitary sewage systems; and solid waste facilities, including recycling, and lead pipes in drinking water systems. For up to a maximum of 20 percent of the biennial PWAA capital budget appropriation, the Board may make loans or grants for preconstruction, emergency, and capital facilities planning. Up to 10 percent of the PWAA capital budget appropriation may be provided for grants. Local governments and special purpose districts, except port and school

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districts, are eligible to apply for loans from the PWAA. The Board may provide technical assistance. The Board may require a local government to provide a long-term financial plan for maintenance and loan repayments, and undergo value planning at the predesign stage. Existing debt or financial obligations may not be refinanced.

Public Works Board Membership.

The Board is staffed by the Department of Commerce and includes 13 voting members appointed by the Governor: two elected officials and one public works manager representing cities; two elected officials and one public works manager representing counties; three members representing public utility and water-sewer districts; and four members representing the general public.

Public Works Assistance Account.

The PWAA was established in 1985 to encourage local government self-reliance in meeting public works needs and to assist in financing critical infrastructure projects. Moneys in the PWAA must be used to make loans and give financial guarantees and may also be appropriated to provide state match for federal dollars. Loan repayments and revenues from three tax sources have historically been deposited into the PWAA. However, in recent biennia, there have not been projects funded with the PWAA. Repayments and tax revenues have been transferred to the State General Fund or Education Legacy Trust Account in prior biennia. The Refuse (Solid Waste) Tax, 4.1 percent of the Real Estate Excise Tax (REET), and the portion of the Public Utilities Tax, all of which were historically deposited into the PWAA, are deposited into the Education Legacy Trust Account through fiscal year 2023. In 2017-19 biennium, the Board projects were funded with general obligation bonds.

Summary of Bill:

Public works projects may include natural or green infrastructure measures that complement the project and demonstrate enhanced life-cycle cost or performance gains. Value planning, which occurs at the predesign stage, must address innovation, affordability, environmental performance, and local economic development.

In addition to the 10 percent maximum that may be provided for grants, up to 1 percent of the Board's biennial capital budget appropriation may be used for grants for the purpose of value planning. The grant may be up to \$60,000 per project.

From the 2019-21 biennium through the 2021-23 biennium, the 4.1 percent of the REET that is collected and deposited into the PWAA must be prioritized for infrastructure projects in support of housing development.

The 4.1 percent deposit of REET into the Education Legacy Trust Account is ended on June 30, 2019, instead of June 30, 2023. The 4.1 percent is deposited into the PWAA and is prioritized for infrastructure projects in support of housing development.

Appropriation: None.

Fiscal Note: Requested on January 28, 2019.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2019.