

SENATE BILL REPORT

SJR 8209

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 21, 2019

Brief Description: Proposing an amendment to the Constitution creating the Washington state infrastructure bank. [**Revised for 1st Substitute:** Proposing an amendment to the Constitution concerning the public works assistance account.]

Sponsors: Senators Hobbs, King, Mullet, Braun, Palumbo, Saldaña, Keiser and O'Ban.

Brief History:

Committee Activity: Financial Institutions, Economic Development & Trade: 2/14/19, 2/21/19 [DPS-WM, DNP].

Brief Summary of First Substitute Joint Resolution

- Amends the state Constitution in the 2019 general election to dedicate certain revenues to the Public Works Assistance Account (PWAA).
- Funds the PWAA through monies collected by public utilities and 6.1 percent of the excise tax on real estate sales.
- Uses funding for loans and grants to local governments for public works projects, or to give financial guarantees to local governments for public works projects.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: That Substitute Senate Joint Resolution No. 8209 be substituted therefor, and the substitute joint resolution do pass and be referred to Committee on Ways & Means.

Signed by Senators Mullet, Chair; Wilson, L., Ranking Member; Braun and Hobbs.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Vice Chair; Das and Ericksen.

Staff: Clint McCarthy (786-7319)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: Public Works Assistance Account. Money may be placed in the PWAA from the proceeds of bonds when authorized by the Legislature or from any other lawful source. Money in the PWAA must be used to make loans and grants and to give financial guarantees to local governments for public works projects. Monies in the account may also be appropriated or transferred to the Water Pollution Control Revolving Fund and the Drinking Water Assistance Account to provide for state match requirements under federal law.

Temporary Budgetary Statutes Concerning the Public Works Assistance Account. During the 2015-2017 fiscal biennium, statute was amended for the biennium to allow a transfer from the PWAA to the general fund, the Water Pollution Control Revolving Account, and the Drinking Water Assistance Account. During the 2015-2017 and 2017-2019 fiscal biennia, the Legislature authorized appropriations from the account for activities related to rural economic development, the Growth Management Act, and the Voluntary Stewardship Program. During the 2017-2019 fiscal biennium, the Legislature authorized transfers of moneys in the PWAA to the education legacy trust account.

Summary of Joint Resolution: The bill as referred to committee not considered.

Summary of Joint Resolution (First Substitute): At the next general election to be held in this state, the secretary of state shall submit to the qualified voters for their approval and ratification, or rejection, an amendment to Article VIII of the Constitution concerning the PWAA.

On and after July 1, 2023:

- all of the monies collected under the public utility tax and the solid waste collection tax must be deposited in the bank;
- 6.1 percent of the excise tax on real estate sales must be deposited in the bank, and additional money may be deposited in the bank from any lawful source as directed by the Legislature; and
- money may be withdrawn and appropriated from the bank only to make loans and grants to local governments for public works projects, or to give financial guarantees to local governments for public works projects.

Appropriation: None.

Fiscal Note: Requested on February 11, 2018.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on First Substitute: PRO: Stakeholders are frustrated that there are so many sweeps of this account. It has been gutted over the years. The term Washington State Infrastructure Bank was changed in the proposed substitute so as not to offend certain constituencies. The PWAA has been a very important tool for local governments. \$1 billion dollars has been taken out of this account since the great recession. This is a proven way of funding local infrastructure programs. This helps for programs that provide submarket loans. The projects that have been funded by the PWAA has made a

difference across the state. Majority of the funds being used is for loans, so money comes back into the program. When the PWAA was established, it was supposed to be a trust and a loan fund that would grow over time.

Persons Testifying: PRO: Senator Steve Hobbs, Prime Sponsor; Brad Tower, Community Bankers of Washington; Candice Bock, Association of Washington Cities; Scott Hazlegrove, Washington Association of Sewer and Water Districts.

Persons Signed In To Testify But Not Testifying: No one.