

HOUSE BILL REPORT

ESHB 2657

As Passed House:
February 13, 1996

Title: An act relating to the definition of public works projects.

Brief Description: Redefining the term "public works project."

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Silver and Costa).

Brief History:

Committee Activity:

Capital Budget: 1/25/96, 1/26/96 [DPS].

Floor Activity:

Passed House: 2/13/96, 96-0.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; Koster; Mitchell; Pennington; Regala; Silver; D. Sommers; L. Thomas and Valle.

Staff: Karl Herzog (786-7271).

Background: The public works assistance account, commonly known as the public works trust fund, was created by the Legislature in 1985 as a revolving loan program 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 systems, and sanitary and storm sewer projects. Neither port districts nor school districts are eligible to receive loans through the Public Works Board.

The account receives dedicated revenue from utility and sales taxes on water, sewer service, and garbage collection; from a portion of the real estate excise tax; and from loan repayments.

Each year, the Public Works Board is required to submit a list of public works projects to the Legislature for approval. The Legislature may delete projects from the list, but may neither add projects nor change the order of project priorities.

The Rural Natural Resources Program (RNRP) within the Public Works Trust fund provides loans to non-metropolitan counties and non-urbanized areas experiencing job losses in the lumber, wood products, and commercial salmon fishing industries, and unemployment rates 20 percent or more above the state average. Loans under the RNRP may be used for public works projects that support new or expanded public works facilities and stimulate economic growth or diversification. In contrast, the regular Public Works Trust Fund program cannot be used for growth-related projects. Loan repayments under the RNRP may be deferred for up to five years, though the loan must be repaid within 20 years.

Local planning for solid waste and recycling facilities is conducted by counties in cooperation with cities located within the counties. State law requires that local solid waste management plans include: a six-year construction and capital acquisition program; a financing plan for capital and operational expenses; an inventory of solid waste collection needs and operations; a comprehensive waste reduction and recycling program; and an assessment of the plan's impact on the cost of solid waste collection. Solid waste management plans must be reviewed and revised, if necessary, at least every five years.

Summary of Bill: Solid waste facilities, including recycling facilities, are added to the list of projects eligible to receive funding from the public works assistance account. Eligible solid waste and recycling projects include remedial actions related to landfill closure; repair, replacement, or restoration of existing solid waste and recycling facilities, including transfer facilities; and opening new cells in existing and permitted landfills. In order to qualify for loan funding for a solid waste or recycling facility, a city or county must demonstrate that the facility is consistent with and necessary to implement the comprehensive solid waste management plan adopted by the city or county.

Loans under the Rural Natural Resources Program (RNRP) are permitted in zip code areas immediately adjacent and contiguous to rural natural resource impact areas within the same county if workers living in natural resource impact areas benefit from the loan, and there is projected to be at least \$800 million in private sector investment within six years in a project benefitting from the loan.

Appropriation: None.

Fiscal Note: Available for original bill.

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

Testimony For: There have not been many county applications for public works assistance account loans in prior years because counties generally do not operate enterprise activities that generate revenues to pay back the loans. However, counties do operate solid waste systems as enterprise activities. Therefore, this bill provides increased opportunities for counties to participate in the program. Most landfills in the state are operated by counties. Over 40 percent of tax revenue to the public works assistance account comes from solid waste taxes. County solid waste activities serve cities; therefore, this bill indirectly benefits cities. Though bringing solid waste facilities into the program has been opposed in the past, most of the large landfill problems in the state have been addressed, as other funding sources are available for landfill closure. This is a job-enhancing bill.

Testimony Against: None.

Testified: Pete Butkus, Department of Community, Trade and Economic Development; Bill Vogler, Washington State Association of Counties; Don Scheibe, Asotin County Commissioner; Peter Hahn, Snohomish County; Duke Schaub, Associated General Contractors; Jim Justin, Association of Washington Cities; Alan Darr, International Union of Operating Engineers; Bob Dilger, Washington State Building and Construction Trades Council; and Dick Ducharme, Utility Contractors Association of Washington.