

SENATE BILL REPORT

SHB 2727

As Reported By Senate Committee On:
Transportation, February 26, 1996

Title: An act relating to establishing a state infrastructure bank.

Brief Description: Establishing a state infrastructure bank.

Sponsors: House Committee on Transportation (originally sponsored by Representatives K. Schmidt and Blanton).

Brief History:

Committee Activity: Transportation: 2/21/96, 2/26/96 [DP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Owen, Chair; Heavey, Vice Chair; Goings, Morton, Oke, Prentice, Prince, Rasmussen, Schow, Sellar, Thibaudeau and Wood.

Staff: Roger Horn (786-7839)

Background: In November 1995, as part of the national highway system bill, Congress authorized a pilot program that would establish state infrastructure banks in up to 10 states. A state infrastructure bank (SIB) is a mechanism that allows states to use federal-aid highway and transit funds to leverage other forms of investment in transportation infrastructure by expanding the eligible uses of those funds. For example, funds could be used to support the issuance of public or private debt to construct facilities, to provide credit enhancement for such debt, or for direct loans to public or private entities building transportation facilities.

If chosen for the pilot program, a state could deposit up to 10 percent of its federal apportionments for two years into the SIB. State, local, and private dollars could also be deposited.

The Department of Transportation has submitted an application to be accepted as one of the states in the pilot program. The department has identified two possible projects for funding through the infrastructure bank: a group of surface transportation improvements in the south downtown Seattle area and participation in the SR 16 capacity expansion project.

Summary of Bill: The transportation infrastructure account is created in the transportation fund, and the highway infrastructure account is created in the motor vehicle fund. Money from public or private entities or from bonds may be deposited into the accounts. Funds from the accounts may be used to support the issuance of public or private debt, to provide credit enhancement for such debt, for direct loans to public and private entities, or for other purposes necessary to facilitate investment in surface transportation facilities in the state.

Loan repayments are deposited in the account to fund additional transportation projects.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill will help in Washington's bid to become one of the ten states chosen for the state infrastructure bank program. It will position the state to tap into future federal funds. The program would be a tool to leverage available funds for large transportation projects.

Testimony Against: None.

Testified: Helga Morgenstern, WSDOT (pro).