

SENATE BILL REPORT

SHB 1041

As Reported By Senate Committee On:
Ways & Means, April 1, 1999

Title: An act relating to authorization for projects recommended by the public works board.

Brief Description: Authorizing funds for public works projects.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Mitchell, Murray, Kessler, O'Brien, Ogden, Lantz, Rockefeller, Hankins, Esser and Morris; by request of Public Works Board).

Brief History:

Committee Activity: Ways & Means: 3/30/99, 4/1/99 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Wojahn and Zarelli.

Staff: Michael Groesch (786-7434)

Background: The public works assistance account, commonly known as the public works trust fund, was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. The Public Works Board, within the Department of Community, Trade, and Economic Development (CTED), 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 and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

The Public Works Assistance Account receives dedicated revenue from: 7.7 percent of the real estate excise tax net proceeds to the state; 20 percent of the moneys collected on water distribution businesses; 60 percent of the moneys collected on sewerage collection businesses; 3.6 percent solid waste collection tax on garbage collection, public and private dumps and transfer stations; and 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 a project from the list, but it may not add any projects or change the order of project priorities. Legislative approval is not required for emergency loans from funds specifically appropriated for this purpose by the Legislature.

The public works assistance account appropriation is made in the capital budget, but the project list is submitted annually in separate legislation. CTED received an appropriation of approximately \$181 million from the public works assistance account in the 1997-99 capital budget. The \$181 million is available for public works project loans in the 1998 and 1999 loan cycles. During the 1998 session, the Legislature approved 71 projects totaling \$124,465,982 for the 1998 loan cycle. Also, the Public Works Board was authorized to use \$2,205,326 for emergency loans to local governments. In addition, approximately \$15 million is available from loan refunds and de-obligated loan funds from projects withdrawn or terminated.

Summary of Bill: As recommended by the Public Works Board, 42 public works project loans totaling \$76,163,079 are authorized for the 1999 loan cycle.

The 42 authorized projects fall into the following categories:

- (1) 21 water projects totaling \$27,652,616;
- (2) 18 sewer projects totaling \$39,900,463;
- (3) 2 road projects totaling \$3,610,000; and
- (4) 1 bridge project totaling \$5,000,000.

In addition, \$26,521,688 is appropriated to the Department of Community, Trade, and Economic Development for projects previously approved under the Public Works Trust Fund program. The appropriation is to correct prior biennia reappropriation levels.

Appropriation: \$26,521,688 is appropriated from the public works assistance account.

Fiscal Note: Not requested.

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

Testimony For: The Legislature is urged to move quickly to accelerate the building timetable. The return on investment from enhanced economic activity is 4.5 to 1. The supplemental appropriation is necessary to correct bookkeeping errors when moving reappropriations across biennial lines. Sufficient funds are available. It is only necessary to provide additional expenditure authority.

Testimony Against: None.

Testified: PRO: Pete Butkus, Public Works Board; Yoshio Ohno, Vice President, Public Works Board; Jim Justin, Assn. of Washington Cities; Rich Slunaker, Assn. of General Contractors.