

# SENATE BILL REPORT

## SB 5864

As of February 14, 2019

**Title:** An act relating to financing local public works through the creation of the Washington state infrastructure bank.

**Brief Description:** Financing local public works through the creation of the Washington state infrastructure bank.

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

**Brief History:**

**Committee Activity:** Financial Institutions, Economic Development & Trade: 2/14/19.

### Brief Summary of Bill

- Directs all public utility taxes and solid waste collection taxes, to be deposited in the Public Works Assistance Account beginning July 1, 2023.
- Allows monies to be transferred into the Water Pollution Control Revolving Fund and the Drinking Water Assistance Account until July 1, 2023.

### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

**Staff:** Clint McCarthy (786-7319)

**Background:** Public Works Assistance Account. Money may be placed in the Public Works Assistance Account (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

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Drinking Water Assistance Account (DWAA). 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 Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Directs all public utility taxes and solid waste collection taxes, to be deposited in the PWAA beginning July 1, 2023. Until July 1, 2023, monies in the account may also be appropriated or transferred into the Water Pollution Control Revolving Fund and the DWAA to provide for state match requirements.

**Appropriation:** None.

**Fiscal Note:** Requested on February 11, 2019

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

**Effective Date:** The bill takes effect on January 1, 2020 if the amendment to the constitution is amended and ratified.

**Staff Summary of Public Testimony on Proposed 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.