

HOUSE BILL REPORT

HB 2326

As Reported By House Committee On:

Capital Budget

Title: An act relating to the budget authority of the Public Works Board, expenditures from the Public Works Assistance Account, and clarifying capital facility planning requirements.

Brief Description: Managing capital facility projects by the Public Works Board.

Sponsors: Representatives Murray and Mitchell.

Brief History:

Committee Activity:

Capital Budget: 1/26/00, 2/8/00 [DPS].

Brief Summary of Substitute Bill

- Increases the percentage of the Public Works Assistance Account that can be used for emergency loans, preconstruction loans and loans for capital facility planning.
- Expands the definition of "Public Works Project" in order to develop a broader base of information for the development of capital facility plans.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Alexander, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Anderson; Barlean; Bush; Constantine; Dunshee; Hankins; Koster; Lantz; Mastin; Miloscia; O'Brien; Ogden; Schoesler and Woods.

Staff: Susan Howson (786-7142).

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 funds to assist local governments 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: a portion of the state real estate excise tax; utility and sales taxes on local water, sewer, and garbage collection; and loan repayments. The Legislative appropriation from the Public Works Assistance Account is made in the Capital Budget, however the project list is submitted annually in separate legislation. 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.

Emergency Loan Program

The Emergency Loan Program under the Public Works Trust Fund was approved by the Legislature in 1988 to provide timely financial assistance to local governments for public works emergencies. The Public Works Board has defined an emergency as "a public works project made necessary by a natural disaster, or an immediate and emergent threat to the public health or safety due to unforeseen or unavoidable circumstances." The loans may be used to fund all or part of an emergency public works project less any reimbursement from federal and state disaster funds, insurance settlements, or litigation. To date, 41 emergency loans valued at \$6,215,705 have been executed. Legislative approval is not required for emergency loans from funds specifically appropriated for this purpose by the Legislature.

Pre-Construction Loan Program

In 1995, the Legislature passed HB 2063 which authorized the Public Works Board to make low-interest loans to local governments for pre-construction activities on public works projects. The following types of activities are eligible for funding under the Pre-Construction Loan Program: design and engineering, bid document preparation, environmental studies, and right-of-way acquisition. To date, the Public Works Board has approved 86 pre-construction loans totaling \$17,866,411. Legislative approval is not required for pre-construction loans from funds specifically appropriated for this purpose by the Legislature.

Public Works Planning Loan Program

The Public Works Trust Fund requires that each applying jurisdiction have a capital facility plan for all trust fund eligible systems. To help clients meet this requirement, the Public Works Board developed the Public Works Planning Loan Program to

finance the development of capital facility plans. During the 1993 session, legislation authorized the Public Works Board to make these loans available year around, without annual legislative approval. Since 1989, the Public Works Trust Fund has assisted 55 local governments in the development of capital facility plans.

Summary of Substitute Bill:

The definition of "Public Works Project" under RCW 43.155 is expanded to include planning projects that may include biological, hydrological, or other data on a county drainage basin or region, in order to develop a base of information for a capital facility plan.

The percentage of the Public Works Assistance Account that can be used for emergency loans is increased from 5 percent of biennial capital appropriations to 15 percent. In addition to emergency loans, preconstruction loans and loans for capital facility planning are included in the 15 percent limitation. Not more than 10 percent of the total may be expended for emergency loans and not more than 1 percent may be expended for capital facility planning loans. These loans no longer need specific legislative approval.

The transfer of funds from the Public Works Assistance Account to the Flood Control Assistance Account authorized during the 1995-97 biennium is deleted.

Substitute Bill Compared to Original Bill: The cap on emergency, pre-construction, and capital facility planning loans is reduced from 20 percent to 15 percent of biennial capital appropriations to the Public Works Trust Fund. Limitations are placed on the amount that can be expended for emergency and capital facility planning loans.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original bill) This is a successful program that creates jobs and provides a valuable infrastructure funding source for local governments. Increasing the percentage of the Public Works Assistance Account that can be used for emergency loans will give the Public Works Board additional flexibility in responding to unforeseen or unavoidable circumstances faced by local governments. Expansion of the pre-construction loan program will expedite the ability of local governments to complete the planning and design phase of projects prior to the Legislature approving

the Public Works Trust Fund project list. This will allow many local governments to take advantage of the spring construction season.

(In support with concerns) Public Works Trust Fund moneys were not originally intended for regional watershed planning. A limitation should be placed on the amount of money that can be allocated to local governments for capital facility planning projects.

Testimony Against: None.

Testified: (In support) Pete Butkus, Department of Community, Trade, and Economic Development; Rick Slunaker, Associated General Contractors of Washington; and Jim Justin, Association of Washington Cities.

(In support with concerns) Dick Ducharme, Building Industry Association of Washington.