

HOUSE BILL REPORT

EHB 1647

*As Passed House
March 14, 1991*

Title: An act relating to public works board.

Brief Description: Authorizing public works loans to local governments in timber impact areas.

Sponsor(s): Representatives Locke, Jones, Rasmussen, Bowman and Wynne; by request of Department of Community Development and Office of Financial Management.

Brief History:

Reported by House Committee on:

Trade & Economic Development, March 1, 1991, DPA;

Capital Fac. & Financing, March 8, 1991, DPA(TED&CFF);

Passed House, March 14, 1991, 70-27.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass as amended.* Signed by 11 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Staff: Charlie Gavigan (786-7340).

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *Do pass as amended by Committee on Trade & Economic Development and as further amended by the Committee on Capital Facilities & Financing.* Signed by 10 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Neher, Assistant Ranking Minority Member; Braddock; Fraser; Heavey; Jacobsen; Ogden; Peery; and Wang.

Minority Report: *Do not pass.* Signed by 5 members: Representatives Schmidt, Ranking Minority Member; Beck; Brough; Casada; and Silver.

Staff: Susan Nakagawa (786-7145).

Background: Timber harvest levels, particularly on federal lands, are expected to decrease significantly. This will adversely impact the state generally and timber communities specifically.

Impacts from the reduced timber supply will be very different in different geographic areas in Washington. Proximity to an urban center, local economic development capacity, productivity of mills in the area, source of logs, proximity to a port, and public and social infrastructure are all factors effecting impact.

The Public Works Assistance Account was created in 1985 to make loans and financial guarantees to local governments for public works projects. The public Works Assistance Account is administered by a 13 member Public Works Board. Technical assistance is also available to local governments.

The funds or guarantees provided by the Public Works Board can be used by a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sewer systems. The focus of these dollars is to repair and upgrade existing infrastructure.

Summary of Bill: Through June 30, 1993, the Public Works Board is authorized to make loans to local governments in timber impact areas for construction of new public works facilities that stimulate economic development or growth. The loans can be low-interest or interest-free. The Department of Community Development shall designate timber impact areas.

The Public Works Board must set criteria for awarding the loans to local governments, including: (1) imposing an excise tax on real estate of at least one quarter of one percent; (2) having a capital improvement plan; (3) having employment losses due to the timber economy; and (4) using the loan proceeds to create or save jobs, especially workers affected by the timber economy.

The Public Works Board must provide quarterly updates to the Legislature. The board must also report to the Legislature in 1995 and 1996 on the economic growth resulting from this act.

Fiscal Note: Available.

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

Testimony For: (Trade & Economic Development) Timber-dependent communities need infrastructure to diversify and recover from the effects of the timber harvest reductions. Targeting a portion of the Public Works Trust Fund to timber-dependent communities and making these loans more flexible can help these communities survive.

Testimony For: (Capital Facilities & Financing) Targeting a portion of the Public Works Trust Fund to timber dependent communities will help these communities diversify their economy and recover from the effects of the timber decline and eminent economic crisis.

Testimony Against: (Trade & Economic Development) None.

Testimony Against: (Capital Facilities & Financing) The Public Works Trust Fund was created in 1985 in response to studies that identified an infrastructure crisis in this state. The purpose of the fund is to make loans to cities and counties to rebuild existing infrastructure and should not be diverted to fund economic development activities. The infrastructure problems have not been solved and the integrity of the trust fund must be maintained.

Witnesses: (Trade & Economic Development) Robert C. Anderson, Public Works Board (supports); Bill Vogler, Washington Association of Counties (supports); Derek Valley, State Capital Museum; Stan Finkelstein, Association of Washington Cities (supports); and Emile H. Combe, Port of Longview (supports).

Witnesses: (Capital Facilities & Financing) Bill Vogler, Washington Association of Counties (in favor); Linda Hurley Ishem, Department of Community Development (in favor); Dick Ducharme, Utilities Contractors Association (opposed); and Duke Schaub, Associated General Contractors (opposed).