

HOUSE BILL REPORT

EHB 2985

As Passed House:
February 15, 2008

Title: An act relating to establishing local public works assistance funds.

Brief Description: Establishing local public works assistance funds.

Sponsors: By Representatives Liias, Ericks, Ormsby, Appleton, Hunt, O'Brien, Loomis, Pettigrew, Kagi, Blake, Simpson and Chase.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/30/08, 1/31/08, 2/4/08 [DPA].

Floor Activity:

Passed House: 2/15/08, 94-0.

Brief Summary of Engrossed Bill

- Authorizes counties to establish local public works assistance funds into which moneys from existing county revenue sources can be deposited to pay for public works projects.
- Specifies fund uses, requirements, limitations, and competitive application criteria.
- Requires that local governments collaborate before any loans are made.
- Prioritizes projects that address public health needs, substantial environmental degradation, or increase existing capacity necessary to accommodate population and employment growth.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and Sullivan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Meg Van Schoorl (786-7105).

Background:

The Public Works Assistance Account (PWAA), commonly known as the Public Works Trust Fund (PWTF), 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 (Board) within the Department of Community, Trade and Economic Development (DCTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of 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 PWAA receives: dedicated revenue from utility and sales taxes on water, sewer service, and garbage collection; a portion of the real estate excise tax; and loan repayments.

There is no specific statutory authorization for a county or municipal level public works assistance program.

Summary of Engrossed Bill:

County legislative authorities may establish local public works assistance funds in order to pay for public works projects located wholly or partially within the county. Moneys may be deposited in a local fund from a county's existing revenue sources, and, along with interest earned on fund balances, may only be used to make loans to the county and other local governments for funding public works projects and to pay for the costs of fund administration. No more than 50 percent of the moneys loaned from the fund in a calendar year may be loaned to the county providing the local public works assistance funds. At least 25 percent of the moneys anticipated to be loaned in a calendar year must be made available for funding public works projects in cities or towns. Payment of administrative costs is limited to no more than 1 percent of the average annual balance of the fund, including interest. A county administering this funding must keep proper records and is subject to a state audit.

In consultation with cities and towns within the county, counties may make loans to local governments from local public works assistance funds. Counties may require terms and conditions and charge rates of interest. Counties may not pledge amounts that exceed the sum of money in the fund plus money to be received from debt service payments on loans made from the fund. Loan repayments by local governments must be paid into the fund of the lending county.

Prior to making any loans from the local public works assistance fund, counties must develop and complete a prioritization process in collaboration with the public works directors of local governments within the county. The process for funding public works must give priority to projects that address public health needs or substantial environmental degradation, or that increase existing capacity necessary to accommodate population and employment growth. The

prioritization process, once completed, must be documented by the county in written findings and must be revised periodically according to an agreed-upon schedule.

In addition to prioritizing projects based on public health needs and environmental degradation, the county legislative authorities must consider the following factors through a competitive application process: (1) whether the applicant has experienced severe fiscal distress due to natural disaster or emergency public works needs; (2) whether the project is critical and would affect a great number of citizens' health and safety; (3) the project cost compared to the size of the local government and amount of loan moneys available; (4) the number of communities served by or funding the project; (5) whether the project involves acquiring, expanding, improving, or renovating a public water system that violates health and safety standards; (6) other appropriate criteria; and (7) the estimated number of additional housing units and additional number of jobs to be achieved. In addition, a local government applying for financial assistance must demonstrate to the lending county that it is using all local revenue sources reasonably available for funding public works projects, it is in compliance with the applicable requirements of the Growth Management Act, and the proposed project is consistent with applicable capital facilities plans.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Our local capital infrastructure systems are ailing. The Association of Washington Cities reports that 30 percent of cities characterize their streets as poor to failing and 22 percent say that they lack funding sufficient to maintain sewer and wastewater systems at current service levels. We also are told that there are \$10 in requests to state infrastructure funding programs for every \$2 available. Allowing counties to establish local public works assistance funds would provide resources for small scale projects that probably would not qualify for state support and it would promote cooperation between cities and counties. This is an optional program with no cost to the state. Realtors work with local governments statewide to ensure that there is adequate infrastructure to accommodate growth within cities under the premises of the Growth Management Act. This would be a new tool for counties, cities and special purpose districts. We also support the amendment that adds a third public works funding priority and two additional factors for consideration as part of the competitive process.

(Opposed) None.

Persons Testifying: Representative Liias, prime sponsor; and Bill Clarke, Washington Realtors.

Persons Signed In To Testify But Not Testifying: (With concerns) Ashley Probart, Association of Washington Cities; David Johnson, Washington State Building Trades; and Terri Jeffreys, Washington Realtors.