

SENATE BILL REPORT

SSB 5303

As Passed Senate, March 2, 2023

Title: An act relating to the public works revolving trust account.

Brief Description: Creating the public works revolving trust account.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Mullet, Warnick, Boehnke, Holy, Keiser, Kuderer and Lovick).

Brief History:

Committee Activity: State Government & Elections: 1/20/23 [w/oRec-WM].
Ways & Means: 2/02/23, 2/16/23 [DPS].

Floor Activity: Passed Senate: 3/2/23, 46-3.

Brief Summary of First Substitute Bill

- Creates the Public Works Revolving Trust Account in the State Treasury.
- Provides that repayments of loans from local governments made from the Public Works Assistance Account and the Public Works Revolving Trust Account are paid into the Public Works Revolving Trust Account.
- Adds the Public Works Revolving Trust Account as one of the funds or accounts that the Public Works Board may use to make loans or grants to local governments for financing public works projects.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5303 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant

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

Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Michael Bezanson (786-7449)

Background: Public Works Project. A public works project is a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems, lead remediation of drinking water systems, and solid waste facilities, including recycling facilities and composting and other organic materials management facilities. A planning project may include the compilation of biological, hydrological, or other data on a county, drainage basin, or region necessary to develop a base of information for a capital facility plan.

Public Works Assistance Account. The Public Works Assistance Account is an appropriated account created in statute. The Public Works Assistance Account receives money from the repayment of local government loans made under the public works assistance account, 1.7 percent of the real estate excise tax—increasing to 5.2 percent beginning July 1, 2023, and money placed in the Public Works Assistance Account from the proceeds of bonds when authorized by the Legislature, or from any other lawful source.

Beginning July 1, 2023, 20 percent of the public utility tax levied on water distribution businesses, 60 percent of the public utility tax on sewerage collection businesses, and taxes collected under the solid waste collection tax are to be deposited into the Public Works Assistance Account. Prior to July 1, 2013, the real estate excise tax and the public utility tax were deposited into the Public Works Assistance Account and prior to July 1, 2011, the solid waste collection tax was deposited into the Public Works Assistance Account.

Money in the Public Works Assistance Account shall be used to make loans and grants to local governments for public works projects. From July 1, 2023 through July 1, 2037, the State Treasurer must transfer \$57 million each fiscal year from the Public Works Assistance Account to the Move Ahead WA Account.

Accounts in the State Constitution. In addition to the state general fund, which may be expended for any lawful purpose, the state maintains several hundred accounts dedicated to particular statutory purposes. These accounts generally created in policy bills for the purpose of dedicating moneys in the account for the policy purposes of the bill. However, accounts have also been created in the state Constitution. Examples include the Common School Construction fund to be used exclusively for financing the construction of facilities for the common schools and the Budget Stabilization Account that may be accessed only in instances of low employment growth, a gubernatorial declaration of emergency resulting from a catastrophic event, or by a three-fifths vote of the Legislature. The Washington State Constitution imposes limitations the power of the Legislature. Unlike a statute that a

current Legislature can amend or repeal, the Legislature must adhere to the requirements of an account created in the state Constitution until changed by a constitutional amendment.

Summary of First Substitute Bill: The summary below reflects the contents of both SJR 8201 and SB 5303. SJR 8203 proposes a constitutional amendment, while SB 5303 implements those changes should the amendment pass. If the proposed amendment is not approved and ratified, SB 5303 is void in its entirety.

The state Constitution is amended to establish the Public Works Revolving Trust Account. All moneys received from local governments in the repayment of loans made from the Public Works Assistance Account and the Public Works Revolving Trust Account shall be paid into the Public Works Revolving Trust Account.

Moneys in the Public Works Revolving Trust Account can only be used to provide loans and grants to local governments for public works projects.

The Legislature may enact legislation to implement the Constitutional amendment.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on July 1, 2025.

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will not take away the Ways & Means Committee's ability to appropriate money from the Public Works Account. The new account will let the money grow to become a self-sustaining system if left alone for long enough. Diversion of the public utility, and solid waste taxes will be stopped this year, and those revenues will be restored to the fund. This will help the people of Washington by supporting critical Washington infrastructure and ensuring resiliency. It will repair roads, bridges, waste facilities, stormwater treatment facilities, and drinking water facilities. The Public Works Trust Fund is also necessary for keeping rates affordable.

Persons Testifying: PRO: Senator Mark Mullet, Prime Sponsor; Mary Lou Pauly, Mayor, City of Issaquah; Jerry Vanderwood, Associated General Contractors of Washington; Van Collins, American Council of Engineering Companies.

Persons Signed In To Testify But Not Testifying: No one.