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**SENATE BILL 5303**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Mullet, Warnick, Boehnke, Holy, Keiser, Kuderer, and Lovick

Read first time 01/12/23. Referred to Committee on State Government & Elections.

1 AN ACT Relating to the public works assistance revolving account;  
2 amending RCW 43.84.092, 43.155.020, 43.155.060, and 43.155.070;  
3 adding a new section to chapter 43.155 RCW; and providing a  
4 contingent effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.155  
7 RCW to read as follows:

8 (1) The public works assistance revolving account is created in  
9 the state treasury. Moneys in the account may be spent only after  
10 appropriation.

11 (2) The public works assistance revolving account is governed by  
12 the provisions in Article VIII, section . . . of the state  
13 Constitution (Senate Joint Resolution No. . . . (S-0074/23)).

14 **Sec. 2.** RCW 43.84.092 and 2022 c 182 s 404 are each amended to  
15 read as follows:

16 (1) All earnings of investments of surplus balances in the state  
17 treasury shall be deposited to the treasury income account, which  
18 account is hereby established in the state treasury.

19 (2) The treasury income account shall be utilized to pay or  
20 receive funds associated with federal programs as required by the

1 federal cash management improvement act of 1990. The treasury income  
2 account is subject in all respects to chapter 43.88 RCW, but no  
3 appropriation is required for refunds or allocations of interest  
4 earnings required by the cash management improvement act. Refunds of  
5 interest to the federal treasury required under the cash management  
6 improvement act fall under RCW 43.88.180 and shall not require  
7 appropriation. The office of financial management shall determine the  
8 amounts due to or from the federal government pursuant to the cash  
9 management improvement act. The office of financial management may  
10 direct transfers of funds between accounts as deemed necessary to  
11 implement the provisions of the cash management improvement act, and  
12 this subsection. Refunds or allocations shall occur prior to the  
13 distributions of earnings set forth in subsection (4) of this  
14 section.

15 (3) Except for the provisions of RCW 43.84.160, the treasury  
16 income account may be utilized for the payment of purchased banking  
17 services on behalf of treasury funds including, but not limited to,  
18 depository, safekeeping, and disbursement functions for the state  
19 treasury and affected state agencies. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for payments to financial institutions. Payments shall occur  
22 prior to distribution of earnings set forth in subsection (4) of this  
23 section.

24 (4) Monthly, the state treasurer shall distribute the earnings  
25 credited to the treasury income account. The state treasurer shall  
26 credit the general fund with all the earnings credited to the  
27 treasury income account except:

28 (a) The following accounts and funds shall receive their  
29 proportionate share of earnings based upon each account's and fund's  
30 average daily balance for the period: The abandoned recreational  
31 vehicle disposal account, the aeronautics account, the Alaskan Way  
32 viaduct replacement project account, the brownfield redevelopment  
33 trust fund account, the budget stabilization account, the capital  
34 vessel replacement account, the capitol building construction  
35 account, the Central Washington University capital projects account,  
36 the charitable, educational, penal and reformatory institutions  
37 account, the Chehalis basin account, the Chehalis basin taxable  
38 account, the cleanup settlement account, the climate active  
39 transportation account, the climate transit programs account, the  
40 Columbia river basin water supply development account, the Columbia

1 river basin taxable bond water supply development account, the  
2 Columbia river basin water supply revenue recovery account, the  
3 common school construction fund, the community forest trust account,  
4 the connecting Washington account, the county arterial preservation  
5 account, the county criminal justice assistance account, the deferred  
6 compensation administrative account, the deferred compensation  
7 principal account, the department of licensing services account, the  
8 department of retirement systems expense account, the developmental  
9 disabilities community services account, the diesel idle reduction  
10 account, the drinking water assistance account, the administrative  
11 subaccount of the drinking water assistance account, the early  
12 learning facilities development account, the early learning  
13 facilities revolving account, the Eastern Washington University  
14 capital projects account, the education construction fund, the  
15 education legacy trust account, the election account, the electric  
16 vehicle account, the energy freedom account, the energy recovery act  
17 account, the essential rail assistance account, The Evergreen State  
18 College capital projects account, the fair start for kids account,  
19 the ferry bond retirement fund, the fish, wildlife, and conservation  
20 account, the freight mobility investment account, the freight  
21 mobility multimodal account, the grade crossing protective fund, the  
22 public health services account, the state higher education  
23 construction account, the higher education construction account, the  
24 higher education retirement plan supplemental benefit fund, the  
25 highway bond retirement fund, the highway infrastructure account, the  
26 highway safety fund, the hospital safety net assessment fund, the  
27 Interstate 405 and state route number 167 express toll lanes account,  
28 the judges' retirement account, the judicial retirement  
29 administrative account, the judicial retirement principal account,  
30 the limited fish and wildlife account, the local leasehold excise tax  
31 account, the local real estate excise tax account, the local sales  
32 and use tax account, the marine resources stewardship trust account,  
33 the medical aid account, the money-purchase retirement savings  
34 administrative account, the money-purchase retirement savings  
35 principal account, the motor vehicle fund, the motorcycle safety  
36 education account, the move ahead WA account, the move ahead WA  
37 flexible account, the multimodal transportation account, the multiuse  
38 roadway safety account, the municipal criminal justice assistance  
39 account, the oyster reserve land account, the pension funding  
40 stabilization account, the perpetual surveillance and maintenance

1 account, the pilotage account, the pollution liability insurance  
2 agency underground storage tank revolving account, the public  
3 employees' retirement system plan 1 account, the public employees'  
4 retirement system combined plan 2 and plan 3 account, the public  
5 facilities construction loan revolving account, the public health  
6 supplemental account, the public works assistance account, the public  
7 works assistance revolving account, the Puget Sound capital  
8 construction account, the Puget Sound ferry operations account, the  
9 Puget Sound Gateway facility account, the Puget Sound taxpayer  
10 accountability account, the real estate appraiser commission account,  
11 the recreational vehicle account, the regional mobility grant program  
12 account, the resource management cost account, the rural arterial  
13 trust account, the rural mobility grant program account, the rural  
14 Washington loan fund, the sexual assault prevention and response  
15 account, the site closure account, the skilled nursing facility  
16 safety net trust fund, the small city pavement and sidewalk account,  
17 the special category C account, the special wildlife account, the  
18 state investment board expense account, the state investment board  
19 commingled trust fund accounts, the state patrol highway account, the  
20 state reclamation revolving account, the state route number 520 civil  
21 penalties account, the state route number 520 corridor account, the  
22 statewide broadband account, the statewide tourism marketing account,  
23 the supplemental pension account, the Tacoma Narrows toll bridge  
24 account, the teachers' retirement system plan 1 account, the  
25 teachers' retirement system combined plan 2 and plan 3 account, the  
26 tobacco prevention and control account, the tobacco settlement  
27 account, the toll facility bond retirement account, the  
28 transportation 2003 account (nickel account), the transportation  
29 equipment fund, the transportation future funding program account,  
30 the transportation improvement account, the transportation  
31 improvement board bond retirement account, the transportation  
32 infrastructure account, the transportation partnership account, the  
33 traumatic brain injury account, the University of Washington bond  
34 retirement fund, the University of Washington building account, the  
35 voluntary cleanup account, the volunteer firefighters' and reserve  
36 officers' relief and pension principal fund, the volunteer  
37 firefighters' and reserve officers' administrative fund, the  
38 vulnerable roadway user education account, the Washington judicial  
39 retirement system account, the Washington law enforcement officers'  
40 and firefighters' system plan 1 retirement account, the Washington

1 law enforcement officers' and firefighters' system plan 2 retirement  
2 account, the Washington public safety employees' plan 2 retirement  
3 account, the Washington school employees' retirement system combined  
4 plan 2 and 3 account, the Washington state patrol retirement account,  
5 the Washington State University building account, the Washington  
6 State University bond retirement fund, the water pollution control  
7 revolving administration account, the water pollution control  
8 revolving fund, the Western Washington University capital projects  
9 account, the Yakima integrated plan implementation account, the  
10 Yakima integrated plan implementation revenue recovery account, and  
11 the Yakima integrated plan implementation taxable bond account.  
12 Earnings derived from investing balances of the agricultural  
13 permanent fund, the normal school permanent fund, the permanent  
14 common school fund, the scientific permanent fund, and the state  
15 university permanent fund shall be allocated to their respective  
16 beneficiary accounts.

17 (b) Any state agency that has independent authority over accounts  
18 or funds not statutorily required to be held in the state treasury  
19 that deposits funds into a fund or account in the state treasury  
20 pursuant to an agreement with the office of the state treasurer shall  
21 receive its proportionate share of earnings based upon each account's  
22 or fund's average daily balance for the period.

23 (5) In conformance with Article II, section 37 of the state  
24 Constitution, no treasury accounts or funds shall be allocated  
25 earnings without the specific affirmative directive of this section.

26 **Sec. 3.** RCW 43.155.020 and 2022 c 180 s 503 are each amended to  
27 read as follows:

28 The definitions in this section apply throughout this chapter  
29 unless the context clearly requires otherwise.

30 (1) "Board" means the public works board created in RCW  
31 43.155.030.

32 (2) "Capital facility plan" means a capital facility plan  
33 required by the growth management act under chapter 36.70A RCW or,  
34 for local governments not fully planning under the growth management  
35 act, a plan required by the public works board.

36 (3) "Department" means the department of commerce.

37 (4) "Financing guarantees" means the pledge of money in the  
38 public works assistance account or the public works assistance  
39 revolving account, or money to be received by the public works

1 assistance account or the public works assistance revolving account,  
2 to the repayment of all or a portion of the principal of or interest  
3 on obligations issued by local governments to finance public works  
4 projects.

5 (5) "Local governments" means cities, towns, counties, special  
6 purpose districts, and any other municipal corporations or quasi-  
7 municipal corporations in the state excluding school districts and  
8 port districts.

9 (6) "Public works project" means a project of a local government  
10 for the planning, acquisition, construction, repair, reconstruction,  
11 replacement, rehabilitation, or improvement of streets and roads,  
12 bridges, water systems, or storm and sanitary sewage systems, lead  
13 remediation of drinking water systems, and solid waste facilities,  
14 including recycling facilities and composting and other organic  
15 materials management facilities. A planning project may include the  
16 compilation of biological, hydrological, or other data on a county,  
17 drainage basin, or region necessary to develop a base of information  
18 for a capital facility plan.

19 (7) "Solid waste or recycling project" means remedial actions  
20 necessary to bring abandoned or closed landfills into compliance with  
21 regulatory requirements and the repair, restoration, and replacement  
22 of existing solid waste transfer, recycling facilities, and landfill  
23 projects limited to the opening of landfill cells that are in  
24 existing and permitted landfills.

25 (8) "Technical assistance" means training and other services  
26 provided to local governments to: (a) Help such local governments  
27 plan, apply, and qualify for loans, grants, and financing guarantees  
28 from the board, and (b) help local governments improve their ability  
29 to plan for, finance, acquire, construct, repair, replace,  
30 rehabilitate, and maintain public facilities.

31 (9) "Value planning" means a uniform approach to assist in  
32 decision making through systematic evaluation of potential  
33 alternatives to solving an identified problem.

34 **Sec. 4.** RCW 43.155.060 and 2017 3rd sp.s. c 10 s 6 are each  
35 amended to read as follows:

36 (1) In order to aid the financing of public works projects, the  
37 board may:

38 (a) Make loans or grants to local governments from the public  
39 works assistance account, the public works assistance revolving

1 account, or other funds and accounts for the purpose of assisting  
2 local governments in financing public works projects. Money received  
3 from local governments in repayment of loans made under this section  
4 shall be paid into the public works assistance revolving account for  
5 uses consistent with this chapter.

6 (b) Pledge money in the public works assistance account or the  
7 public works assistance revolving account, or money to be received by  
8 the public works assistance account or the public works assistance  
9 revolving account, to the repayment of all or a portion of the  
10 principal of or interest on obligations issued by local governments  
11 to finance public works projects. The board shall not pledge any  
12 amount greater than the sum of money in the public works assistance  
13 account or the public works assistance revolving account plus money  
14 to be received from the payment of the debt service on loans made  
15 from (~~that~~) those accounts, nor shall the board pledge the faith  
16 and credit or the taxing power of the state or any agency or  
17 subdivision thereof to the repayment of obligations issued by any  
18 local government.

19 (c) Create such subaccounts in the public works assistance  
20 account as the board deems necessary to carry out the purposes of  
21 this chapter.

22 (d) Provide a method for the allocation of loans, grants, and  
23 financing guarantees and the provision of technical assistance under  
24 this chapter.

25 (2) When establishing interest rates for loan programs authorized  
26 in this chapter for projects which are supported by a rate base of at  
27 least (~~fifty thousand~~) 50,000 equivalent residential units, the  
28 board must base interest rates on the average daily market interest  
29 rate for tax-exempt municipal bonds as published in the bond buyer's  
30 index for the period from (~~sixty~~) 60 to (~~thirty~~) 30 days before  
31 the start of the application cycle.

32 (a) For projects with a repayment period between five and  
33 (~~twenty~~) 20 years, the rate must be fifty percent of the market  
34 rate.

35 (b) For projects with a repayment period under five years, the  
36 rate must be (~~twenty-five~~) 25 percent of the market rate.

37 (c) For any year in which the average daily market interest rate  
38 for tax-exempt municipal bonds for the period from (~~sixty~~) 60 to  
39 (~~thirty~~) 30 days before the start of an application cycle is nine  
40 percent or greater, the board may cap interest rates at four percent

1 for projects with a repayment period between five and (~~twenty~~) 20  
2 years and at two percent for projects with a repayment period under  
3 five years.

4 (d) The board may also provide reduced interest rates, extended  
5 repayment periods, or grants for projects that meet financial  
6 hardship criteria as measured by the affordability index or similar  
7 standard measure of financial hardship. The board may provide reduced  
8 interest rates, extended repayment periods, or grants for projects  
9 that are supported by a rate base of less than (~~fifty thousand~~)  
10 50,000 equivalent residential units.

11 (3) All local public works projects aided in whole or in part  
12 under the provisions of this chapter shall be put out for competitive  
13 bids, except for emergency public works under RCW 43.155.065 for  
14 which the recipient jurisdiction shall comply with this requirement  
15 to the extent feasible and practicable. The competitive bids called  
16 for shall be administered in the same manner as all other public  
17 works projects put out for competitive bidding by the local  
18 governmental entity aided under this chapter.

19 **Sec. 5.** RCW 43.155.070 and 2021 c 65 s 49 are each amended to  
20 read as follows:

21 (1) To qualify for financial assistance under this chapter the  
22 board must determine that a local government meets all of the  
23 following conditions:

24 (a) The city or county must be imposing a tax under chapter 82.46  
25 RCW at a rate of at least (~~one-quarter-of-one~~) 0.25 percent;

26 (b) The local government must have developed a capital facility  
27 plan; and

28 (c) The local government must be using all local revenue sources  
29 which are reasonably available for funding public works, taking into  
30 consideration local employment and economic factors.

31 (2) Except where necessary to address a public health need or  
32 substantial environmental degradation, a county, city, or town  
33 planning under RCW 36.70A.040 may not receive financial assistance  
34 under this chapter unless it has adopted a comprehensive plan,  
35 including a capital facilities plan element, and development  
36 regulations as required by RCW 36.70A.040. This subsection does not  
37 require any county, city, or town planning under RCW 36.70A.040 to  
38 adopt a comprehensive plan or development regulations before  
39 requesting or receiving financial assistance under this chapter if



1 such request is made before the expiration of the time periods  
2 specified in RCW 36.70A.040. A county, city, or town planning under  
3 RCW 36.70A.040 that has not adopted a comprehensive plan and  
4 development regulations within the time periods specified in RCW  
5 36.70A.040 may apply for and receive financial assistance under this  
6 chapter if the comprehensive plan and development regulations are  
7 adopted as required by RCW 36.70A.040 before executing a contractual  
8 agreement for financial assistance with the board.

9 (3) In considering awarding financial assistance for public  
10 facilities to special districts requesting funding for a proposed  
11 facility located in a county, city, or town planning under RCW  
12 36.70A.040, the board must consider whether the county, city, or town  
13 planning under RCW 36.70A.040 in whose planning jurisdiction the  
14 proposed facility is located has adopted a comprehensive plan and  
15 development regulations as required by RCW 36.70A.040.

16 (4) (a) The board must develop a process to prioritize  
17 applications and funding of loans and grants for public works  
18 projects submitted by local governments. The board must consider, at  
19 a minimum and in any order, the following factors in prioritizing  
20 projects:

21 (i) Whether the project is critical in nature and would affect  
22 the health and safety of many people;

23 (ii) The extent to which the project leverages other funds;

24 (iii) The extent to which the project is ready to proceed to  
25 construction;

26 (iv) Whether the project is located in an area of high  
27 unemployment, compared to the average state unemployment;

28 (v) Whether the project promotes the sustainable use of resources  
29 and environmental quality, as applicable;

30 (vi) Whether the project consolidates or regionalizes systems;

31 (vii) Whether the project encourages economic development through  
32 mixed-use and mixed income development consistent with chapter 36.70A  
33 RCW;

34 (viii) Whether the system is being well-managed in the present  
35 and for long-term sustainability;

36 (ix) Achieving equitable distribution of funds by geography and  
37 population;

38 (x) The extent to which the project meets the following state  
39 policy objectives:

40 (A) Efficient use of state resources;

1 (B) Preservation and enhancement of health and safety;  
2 (C) Abatement of pollution and protection of the environment;  
3 (D) Creation of new, family-wage jobs, and avoidance of shifting  
4 existing jobs from one Washington state community to another;  
5 (E) Fostering economic development consistent with chapter 36.70A  
6 RCW;  
7 (F) Efficiency in delivery of goods and services and  
8 transportation; and  
9 (G) Reduction of the overall cost of public infrastructure;  
10 (xi) Whether the applicant sought or is seeking funding for the  
11 project from other sources; and  
12 (xii) Other criteria that the board considers necessary to  
13 achieve the purposes of this chapter.  
14 (b) Before September 1, 2018, and each year thereafter, the board  
15 must develop and submit a report regarding the construction loans and  
16 grants to the office of financial management and appropriate fiscal  
17 committees of the senate and house of representatives. The report  
18 must include:  
19 (i) The total number of applications and amount of funding  
20 requested for public works projects;  
21 (ii) A list and description of projects approved in the preceding  
22 fiscal year with project scores against the board's prioritization  
23 criteria;  
24 (iii) The total amount of loan and grants disbursements made from  
25 the public works assistance account or the public works assistance  
26 revolving account in the preceding fiscal year;  
27 (iv) The total amount of loan repayments in the preceding fiscal  
28 year for outstanding loans from the public works assistance account  
29 or the public works assistance revolving account;  
30 (v) The total amount of loan repayments due for outstanding loans  
31 for each fiscal year over the following (~~ten~~) 10-year period; and  
32 (vi) The total amount of funds obligated and timing of when the  
33 funds were obligated in the preceding fiscal year.  
34 (c) The maximum amount of funding that the board may provide for  
35 any jurisdiction is (~~ten million dollars~~) \$10,000,000 per biennium.  
36 (5) Existing debt or financial obligations of local governments  
37 may not be refinanced under this chapter. Each local government  
38 applicant must provide documentation of attempts to secure additional  
39 local or other sources of funding for each public works project for  
40 which financial assistance is sought under this chapter.

1 (6) Before September 1st of each year, the board must develop and  
2 submit to the appropriate fiscal committees of the senate and house  
3 of representatives a description of the loans and grants made under  
4 RCW 43.155.065 and 43.155.068.

5 (7) The board may not sign contracts or otherwise financially  
6 obligate funds from the public works assistance account or the public  
7 works assistance revolving account before the legislature has  
8 appropriated funds to the board for the purpose of funding public  
9 works projects under this chapter.

10 (8) To qualify for loans, grants, or pledges for solid waste or  
11 recycling facilities under this chapter, a city or county must  
12 demonstrate that the solid waste or recycling facility is consistent  
13 with and necessary to implement the comprehensive solid waste  
14 management plan adopted by the city or county under chapter 70A.205  
15 RCW.

16 (9) After January 1, 2010, any project designed to address the  
17 effects of stormwater or wastewater on Puget Sound may be funded  
18 under this section only if the project is not in conflict with the  
19 action agenda developed by the Puget Sound partnership under RCW  
20 90.71.310.

21 (10) For projects involving repair, replacement, or improvement  
22 of a wastewater treatment plant or other public works facility for  
23 which an investment grade efficiency audit is reasonably obtainable,  
24 the public works board must require as a contract condition that the  
25 project sponsor undertake an investment grade efficiency audit. The  
26 project sponsor may finance the costs of the audit as part of its  
27 public works assistance account program or the public works  
28 assistance revolving account loan or grant.

29 (11) The board must implement policies and procedures designed to  
30 maximize local government consideration of other funds to finance  
31 local infrastructure.

32 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act take  
33 effect July 1, 2025, if the proposed amendment to Article VIII of the  
34 state Constitution (Senate Joint Resolution No. . . . (S-0074/23)) is  
35 validly submitted to and is approved and ratified by the voters at a  
36 general election held in November 2024. If the proposed amendment is

1 not approved and ratified, sections 1 through 5 of this act are void  
2 in their entirety.

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