

# SENATE BILL REPORT

## SB 6508

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As Reported by Senate Committee On:  
Government Operations & Security, February 4, 2016

**Title:** An act relating to public works assistance account loan repayment.

**Brief Description:** Concerning public works assistance account loan repayment.

**Sponsors:** Senator Chase.

**Brief History:**

**Committee Activity:** Government Operations & Security: 2/01/16, 2/04/16 [DP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Majority Report:** Do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Dansel, Habib, McCoy and Takko.

**Staff:** Karen Epps (786-7424)

**Background:** The Public Works Assistance Account (Account) was established in 1985 to encourage local government self-reliance in meeting public works needs, and to assist in financing critical infrastructure projects. Monies in the Account must be used to make loans and give financial guarantees, and may also be appropriated to provide state match for federal dollars under the Drinking Water State Revolving Fund. Loan repayments and revenues from three tax sources have historically been deposited into the Account.

The Public Works Board (Board) may make low-interest or interest-free loans from the Account to finance the acquisition, construction, repair, replacement, or improvement of the following local public works: bridges, streets, and roads; water systems; storm and sanitary sewage systems; and solid waste facilities, including recycling. For up to a maximum of 15 percent of the biennial capital budget appropriation, the Board may make loans for pre-construction, emergency, and capital facilities planning. Local governments and special purpose districts, except port and school districts, are eligible to apply for loans from the Account. The Board may provide technical assistance. Existing debt or financial obligations may not be refinanced.

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*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.*

The Board must consider a number of factors in prioritizing projects: health and safety; unemployment rate; the Puget Sound Partnership Action Agenda; fiscal distress; permitting processes; relative project costs; number of communities served or funding the project; water system health and safety violations; Evergreen Community Recognition; and relative project benefits. By November 1 of each even-numbered year, the Board must develop and submit to legislative fiscal committees a prioritized recommended funding list of public works construction projects. The Legislature may remove projects from the list, but may not change the priority order of the Board's recommendations. Funds cannot be obligated by the Board until the Legislature has appropriated funds for a specific list of projects.

**Summary of Bill:** In any fiscal year during which no new loans from the Public Works Assistance Account are authorized by the Legislature, local governments owing repayment amounts during that fiscal year may choose not to remit those payments, and the principal of those payments are forgiven. Local governments choosing not to make such payments must deposit the amount of the payment in the jurisdiction's capital projects account.

**Appropriation:** None.

**Fiscal Note:** Requested on January 26, 2016.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: When a municipality gets a grant to fix infrastructure, the municipality pays it back to the Account. This Account was almost self-sufficient, but then the Legislature started sweeping the Account to be used for other governmental purposes. These are basic necessities that this infrastructure provides, including clean water, sewer systems, stormwater systems, bridges, and roads. This bill would allow municipalities to put their money into their own infrastructure account. This Account was a revolving account, but money is now being diverted to the operating account. The message this is sending to municipalities is that they should be prepared to self-fund their infrastructure projects. This bill allows local governments to keep these funds in order to pay for new projects. This program allowed local governments all over the state to receive low interest loans to fund critical infrastructure, but when budget challenges came, this Account had its revenue streams diverted to education. This diversion is supposed to be returned in a future biennium. There are unmet needs in infrastructure and the amount of money earmarked to help address these needs is less than what is actually needed.

**Persons Testifying:** PRO: Senator Chase, prime sponsor; Steve Lindstrom, Sno-King Water Sewer District Coalition; Carl Schroeder, Assn of WA Cities; Bill Clarke, WA PUD Assn.

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