
SUBSTITUTE SENATE BILL 5303

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Mullet, Warnick, Boehnke, Holy, Keiser, Kuderer, and Lovick)

READ FIRST TIME 02/17/23.

1 AN ACT Relating to the public works revolving trust 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 revolving trust account is created in the
9 state treasury. Moneys in the account may be spent only after
10 appropriation.

11 (2) The public works revolving trust account is governed by the
12 provisions in Article VIII, section . . . of the state Constitution
13 (Senate Joint Resolution No. 8201).

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 revolving trust account, the Puget Sound capital construction
8 account, the Puget Sound ferry operations account, the Puget Sound
9 Gateway facility account, the Puget Sound taxpayer accountability
10 account, the real estate appraiser commission account, the
11 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 revolving trust
39 account, or money to be received by the public works assistance

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

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

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

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

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

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

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

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

37 (a) Make loans or grants to local governments from the public
38 works assistance account, the public works revolving trust account,
39 or other funds and accounts for the purpose of assisting local

1 governments in financing public works projects. Money received from
2 local governments in repayment of loans made under this section shall
3 be paid into the public works (~~(assistance)~~) revolving trust account
4 for uses consistent with this chapter.

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

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

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

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

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

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

35 (c) For any year in which the average daily market interest rate
36 for tax-exempt municipal bonds for the period from (~~(sixty)~~) 60 to
37 (~~(thirty)~~) 30 days before the start of an application cycle is nine
38 percent or greater, the board may cap interest rates at four percent
39 for projects with a repayment period between five and (~~(twenty)~~) 20

1 years and at two percent for projects with a repayment period under
2 five years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (A) Efficient use of state resources;

40 (B) Preservation and enhancement of health and safety;

1 (C) Abatement of pollution and protection of the environment;
2 (D) Creation of new, family-wage jobs, and avoidance of shifting
3 existing jobs from one Washington state community to another;
4 (E) Fostering economic development consistent with chapter 36.70A
5 RCW;
6 (F) Efficiency in delivery of goods and services and
7 transportation; and
8 (G) Reduction of the overall cost of public infrastructure;
9 (xi) Whether the applicant sought or is seeking funding for the
10 project from other sources; and
11 (xii) Other criteria that the board considers necessary to
12 achieve the purposes of this chapter.
13 (b) Before September 1, 2018, and each year thereafter, the board
14 must develop and submit a report regarding the construction loans and
15 grants to the office of financial management and appropriate fiscal
16 committees of the senate and house of representatives. The report
17 must include:
18 (i) The total number of applications and amount of funding
19 requested for public works projects;
20 (ii) A list and description of projects approved in the preceding
21 fiscal year with project scores against the board's prioritization
22 criteria;
23 (iii) The total amount of loan and grants disbursements made from
24 the public works assistance account or the public works revolving
25 trust account in the preceding fiscal year;
26 (iv) The total amount of loan repayments in the preceding fiscal
27 year for outstanding loans from the public works assistance account
28 or the public works revolving trust account;
29 (v) The total amount of loan repayments due for outstanding loans
30 for each fiscal year over the following (~~ten~~) 10-year period; and
31 (vi) The total amount of funds obligated and timing of when the
32 funds were obligated in the preceding fiscal year.
33 (c) The maximum amount of funding that the board may provide for
34 any jurisdiction is (~~ten million dollars~~) \$10,000,000 per biennium.
35 (5) Existing debt or financial obligations of local governments
36 may not be refinanced under this chapter. Each local government
37 applicant must provide documentation of attempts to secure additional
38 local or other sources of funding for each public works project for
39 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 revolving trust account before the legislature has appropriated
8 funds to the board for the purpose of funding public works projects
9 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 revolving
28 trust 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. 8201) is validly
35 submitted to and is approved and ratified by the voters at a general
36 election held in November 2023. If the proposed amendment is not

1 approved and ratified, sections 1 through 5 of this act are void in
2 their entirety.

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