



**Washington State  
Public Works Board**

Post Office Box 48319  
Olympia, Washington 98504-8319

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April 5, 2016

Governor Jay Inslee  
Office of the Governor  
PO Box 40002  
Olympia WA 98504-0002

RE: Veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376  
(Supplemental Operating Budget)

Governor Jay Inslee:

On behalf of the Public Works Board, and the cities, counties, and special purpose districts, of Washington State, I respectfully request that you veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376 (Supplemental Operating Budget). I would like to express my grave concerns with the actions the Legislature has taken since the 2011-13 biennium, regarding the Public Works Assistance Account (PWAA).

Section 935 in the Supplemental Budget inserts language into 43.155.050 RCW stating that the legislature intends to “continue the policy since 2013 of not authorizing new loans from the [PWAA] account and to allocate the available two hundred twenty-seven million three hundred sixty—seven thousand dollars of future loan repayments paid into the public works assistance account to support basic education.”

The Public Works Assistance Account (PWAA) was established as the source of funds to make loans and to give financial guarantees to local governments for public works projects (43.155.050 RCW). For thirty years, programs funded through the PWAA provided a stable, cost-effective, progressive, and flexible source of funding that local governments could reliably access in order to proactively maintain Washington’s economic foundation: sound infrastructure.

Starting with the 2011-13 biennium, the legislature started redirecting tax revenues from the PWAA to the education legacy trust account and the general fund. Then, in the 2013-15 biennium, cash from the account was redirected as well. Section 935 is a policy statement. However, the policy that it promotes is that of using funds originally intended to address critical local government infrastructure needs for purposes outside the original intent of the tax increases enacted in 1985 to meet those needs.

Starting in 2011, the legislature has developed a policy of redirecting revenues from dedicated funds to the general fund. With the advent of the McCleary Decision, they have included the education legacy trust account as a recipient of these redirected funds. Transferring funds between accounts at such a rate

that the original use of the funds can no longer be honored is contrary to the maintenance of an efficient, effective, and accountable government.

Currently, the State of Washington has no state funded loan programs that provide broad, cost effective infrastructure funding to support state policies promoting Washington as the place to live for current and future generations. The available loan programs are federally financed and specifically targeted to resolve catastrophic health and safety issues, or are strategically directed investment tools geared towards promoting economic development. PWAA loan programs provide the niche funding desperately needed by local governments who are sustainably managing their systems and need assistance accessing capital. Their systems are not yet broken, so they fail to merit the funding available for disastrous health and safety issues.

Local governments, much the same as the state, struggle to prioritize taxpayer investments. However, the one element that is universal across the federal, state, and local levels, as well as the private sector, is the need to maintain existing capital assets in order to flourish. Infrastructure is key to a prosperous economy. Maintaining infrastructure assets in satisfactory condition at 2013 baseline levels through 2020 is a Results Washington goal. This is an impossible goal for local governments to meet without state assistance that does not require catastrophic failure in order to qualify for funding.

We applaud your efforts to ensure that Washington is a leader in clean technology, sustainability, and efficient use of our resources. Vetoing Section 935 allows you to reinforce your message of transparent government and commitment to vibrant communities.

Please veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376.

Thank you for your consideration,

A handwritten signature in blue ink that reads "Stan Finkelstein". The signature is fluid and cursive, with the first name "Stan" being particularly prominent.

Stan Finkelstein, Chair  
Public Works Board

cc: Brian Bonlender, Director of the Department of Commerce  
David Schumacher, Director of the Office of Financial Management

SF:cg