



212 Union Ave., Ste 201  
Olympia, WA 98501  
(360) 741-2675 Main  
(360) 741-2686 Fax  
www.wpuda.org

April 11, 2016

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

**RE: Veto Request – 2ESHB 2376 – Sec. 935 Public Works Assistance Account**

Dear Governor Inslee

On behalf of the Washington PUD Association's 28 member utilities and the communities we serve across the state, we strongly urge you to veto Section 935 in 2ESHB 2376, the supplemental Operating Budget. If enacted, Section 935 will continue sweeping all revenue from the Public Works Assistance Account (PWAA) through the next biennium, effectively killing the low-interest infrastructure loan program commonly called the Public Works Trust Fund.

For the last several years, the PWAA has suffered crippling diversions of tax revenue and loan repayments to help balance the state budget and increase the state's court-mandated contribution to K-12 education. There was no policy basis for these large diversions from the PWAA except political expediency: the account was the easiest source of money.

The consequences of this expediency, however, have harmed communities across the state by denying them access to a public-works construction program they financed with taxes they imposed on their own ratepayers. Since its creation in 1985, the PWAA's self-sustaining financial model—combining taxes imposed on local governments and utilities that benefited from the program with low-interest revolving loans for essential infrastructure projects—has been an unqualified success and a model studied and copied by other states and nations. The PWAA helped make essential infrastructure projects achievable and affordable for millions of Washington citizens served by PUDs, water-sewer districts, cities and counties. The program has resulted in significant benefits to water quality, public health, and economic development throughout Washington State.

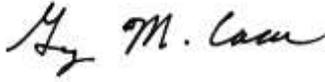
Since 2012 however, cash and revenue diversions from the PWAA have resulted in communities delaying or canceling needed projects, financing them through more expensive and cumbersome means that have raised costs for their citizens and utility customers. This outcome is short-sighted and ultimately unsustainable, making Washington vulnerable to infrastructure failures with political consequences similar to those we've seen in Flint, Michigan, and elsewhere.

Some in the Legislature claim that other approaches, such as reliance on federal infrastructure programs or using the state to bond-finance local infrastructure loans (e.g. through legislation such as 2ESB 5624), can replace the PWAA. These alternatives, however, are either

limited in scope, much more expensive, or much more burdensome for smaller local governments to use than the PWAA has been. They are not acceptable or adequate replacements for it.

It was lack of investment in basic infrastructure that motivated the Legislature and Governors John Spellman and Booth Gardner to create the PWAA in the 1980s. In creating the PWAA, infrastructure stakeholders achieved what today's education advocates appear unable to do: create support for a revenue source for their program needs. Undermining valuable state programs in the name of education is neither reform nor leadership. If Section 935 of 2ESHB 2376 is not vetoed, the Washington State will have no functional state infrastructure lending program. Do not let Washington go down this short-sighted, ill-conceived path of expediency that conflicts with our state's current and long-term needs. Please veto Section 935 of 2ESHB 2376.

Sincerely,

A handwritten signature in black ink that reads "G. M. Caan". The signature is written in a cursive, slightly slanted style.

George Caan  
Executive Director

cc: Public Works Board