

SENATE BILL REPORT

SB 5166

AS PASSED SENATE, FEBRUARY 2, 1993

Brief Description: Authorizing refunding revenue bonds.

SPONSORS: Senators Vognild, Nelson and Sheldon; by request of State Treasurer and Department of Transportation

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Vognild, Chairman; Loveland, Vice Chairman; Skratek, Vice Chairman; Barr, Drew, Oke, Prentice, Prince, Rasmussen, M., Sheldon, von Reichbauer, and Winsley.

Staff: Gene Schlatter (786-7316)

Hearing Dates: January 26, 1993

BACKGROUND:

In January 1963, the Washington Toll Bridge Authority adopted a resolution for the issuance and sale of \$37.2 million of "Washington Toll Bridge Authority, Ferry and Hood Canal Bridge Refunding Bonds, 1963." The proceeds of this bond authorization were to refinance two prior ferry bond issues. The first was a 1955 \$10 million issue for ferry capital improvements. The second was a 1957 \$30.5 million issue which funded additional ferry capital improvements (\$20 million) and construction of the Hood Canal Bridge (\$10 million).

The 1963 refunding bond contains several restrictive covenants which require the Department of Transportation to conduct business in a specific manner until the bond issue is retired. Those covenants require such items as: 1) an independent audit by a CPA firm; 2) a defined fund and account structure using a treasury trust fund held in custody by a trustee bank; and 3) a requirement that bars competing marine transportation services within ten miles of state transportation facilities.

According to the office of the State Treasurer and the Department of Transportation, current interest rates and the elimination of unnecessary expenses required by current bond covenants make refinancing economically feasible.

SUMMARY:

The sale of up to \$15 million in bonds is authorized for the purpose of retiring the 1963 bond issue. The need for the Department of Transportation to follow restrictive bond covenants is eliminated.

Appropriation: \$100,000

Revenue: none

Fiscal Note: requested

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

Elimination of restrictive bond covenants will enable the State Treasurer to receive and recognize ferry system revenue and have the revenue flow directly to the treasury.

Elimination of restrictive covenants will make possible cost savings and improved management.

TESTIMONY AGAINST: None

TESTIFIED: Tim Kerr, State Treasurer's office; Terry McCarthy, WSDOT, marine division