

HOUSE BILL REPORT

HB 1071

As Reported By House Committee On:
Capital Budget

Title: An act relating to general obligation bonds.

Brief Description: Authorizing general obligation bonds for costs incidental to the 1995-97 biennium.

Sponsors: Representatives Sehlin, Ogden and Dellwo; by request of Office of Financial Management.

Brief History:

Committee Activity:

Capital Budget: 3/21/95, 3/23/95 [DPS].

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; McMorris; Mitchell; Pennington; Regala; L. Thomas and Valle.

Staff: Karl Herzog (786-7120).

Background: The State of Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and Senate. Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. The state finance committee, composed of the Governor, the lieutenant governor, and the state treasurer, is responsible for supervising and controlling the issuance of all state bonds.

Summary of Substitute Bill: The state finance committee is authorized to issue \$715 million dollars of state general obligation bonds to finance projects appropriated in the 1995-97 capital budget. The proceeds of the sale of the bonds are deposited into four

accounts: \$660 million is deposited into the state building construction account; \$17.5 million is deposited into the outdoor recreation account; \$17.5 million is deposited into the habitat conservation account; and \$2.9 million is deposited into the public safety reimbursable bond account.

The state treasurer is authorized to withdraw from state general revenues the amounts necessary to make principal and interest payments on the bonds. For bond proceeds deposited into the public safety reimbursable bond account, the state treasurer is authorized to reimburse the general fund for principal and interest payments from the public safety and education account.

Substitute Bill Compared to Original Bill: The bond authorization is reduced from \$881.5 million to \$715 million.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: None.