

# HOUSE BILL REPORT

## HB 2033

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### As Reported By House Committee On:

Government Administration

**Title:** An act relating to increasing authority of transportation benefit districts to issue general obligation bonds.

**Brief Description:** Increasing authority of transportation benefit districts to issue general obligation bonds.

**Sponsors:** Representatives D. Sommers, Gombosky, Wood and Benson.

### Brief History:

#### Committee Activity:

Government Administration: 3/4/97 [DP].

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## HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

**Majority Report:** Do pass. Signed by 13 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Scott, Ranking Minority Member; Gardner, Assistant Ranking Minority Member; Doumit; Dunn; Dunshee; Murray; Reams; Smith; L. Thomas; Wensman and Wolfe.

**Staff:** Steve Lundin (786-7127).

### Background:

#### 1. Constitutional limitations on indebtedness.

Article VIII, Section 6, of the state constitution, establishes two limitations on the amount of general indebtedness that a local government may incur, as follows:

- o Without voter approval, a local government may incur general indebtedness up to an amount not exceeding 1.5 percent of the value of taxable property within its boundaries. This type of general indebtedness is called "non-voter approved" general indebtedness, "councilmatic" indebtedness, or "inside debt."
- o With the assent of three-fifths (60 percent) of the voters of a local government voting a ballot proposition authorizing general indebtedness, a local government may incur a total general indebtedness up to an amount not exceeding 5 percent of

the value of taxable property within its boundaries. This limitation applies to the total of both nonvoter- approved and voter-approved general indebtedness.

In almost every instance when authorization for voter-approved indebtedness is sought, the ballot proposition also authorizes excess property tax levies to be imposed for the term of the general indebtedness that are used to retire the indebtedness.

2. Transportation benefit districts.

Transportation benefit districts are quasi-municipal corporations that a county may create to finance and construct streets, roads, and highways. The governing body of a transportation benefit district is composed of the members of the county legislative authority, who serve in an ex officio and independent capacity.

A transportation benefit district finances these transportation improvements by creating local improvement districts (LID's) and imposing special assessments within the LID, issuing general indebtedness, and imposing voter approved excess property tax levies.

A transportation benefit district may incur nonvoter approved general indebtedness up to an amount not exceeding three-eighths of 1 percent of the value of taxable property within the district and may incur total general indebtedness, of both voter-approved and nonvoter-approved general indebtedness, up to an amount not exceeding 1 and one-fourth percent of the value of taxable property in the district.

**Summary of Bill:** The total general indebtedness limitation, including both voter-approved and nonvoter-approved general indebtedness, that a transportation benefit district may incur is increased from an amount not exceeding 1.25 percent to an amount not exceeding 5 percent of the value of taxable property within the district.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This only increases the level of voter-approved general indebtedness. This will help finance road improvements.

**Testimony Against:** None.

**Testified:** Representative Duane Sommers, prime sponsor.