

HOUSE BILL REPORT

SSB 5922

As Passed House-Amended:

April 14, 1997

Title: An act relating to limiting capital expenditures and bonded indebtedness for capital projects.

Brief Description: Limiting capital expenditures and public indebtedness on capital projects.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator West).

Brief History:

Committee Activity:

Capital Budget: 4/3/97, 4/4/97 [DPA].

Floor Activity:

Passed House-Amended: 4/14/97, 83-11.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended. Signed by 10 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Costa; Hankins; Koster; Lantz; Mitchell; D. Sommers and H. Sommers.

Minority Report: Without recommendation. Signed by 1 member: Representative Sullivan, Assistant Ranking Minority Member.

Staff: Bill Robinson (786-7140).

Background: The state capital budget provides appropriations for the acquisition, construction and repair of state office buildings, public schools, colleges and universities, parks and other long-term investments. In addition to expenditures for state properties and facilities, a portion of the capital budget is provided as grants and loans to local governments and other entities for capital projects which the Legislature determines to provide significant benefit to the citizens of the state.

The most significant funding source for the capital expenditures is from the proceeds of the sale of state bonds. The principal and interest payments which can be made on state bonds from the state general fund are limited to 7 percent of the average of the prior three years' general state revenues. This limit is commonly referred to as the 7 percent statutory debt limit to distinguish it from the 9 percent constitutional debt limit.

Over the past three biennia, the amount of capital expenditures supported by general fund bonds that have been used for non-state projects has averaged about 10 percent.

Summary of Bill: The Governor's capital budget document must identify all proposed bond expenditures for non-state projects if those expenditures are more than 10 percent of the total budget paid from state bonds. The Governor's budget document is also required to identify the amount of debt service costs associated with those non-state projects and justify the purpose of the projects.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: State investment in public-private partnerships should grow, not decrease, in order to create jobs and return tax dollars to the state. The competitive models now used for local projects in the capital budget will require taking money away from other programs. Limiting the amount of money available for local projects such as low-income housing, wildlife protection and recreation will bind future legislatures' ability to address these valuable and growing issues.

Testified: Sharon Case, Building for the Arts (con); Mike Ryherd, Washington Wildlife Recreation Coalition (con); Maijkeu Ryherd Keira, Washington Low Income Housing Congress (con); Tim Douglas, Department of Community, Trade and Economic Development (concerns); and Martha Lindley, Central Washington University (concerns).