

HOUSE OF REPRESENTATIVES

Olympia Washington

BilAnalysis

BilNo. HB 2033

Transportation/beneficiaries/issue bonds
Brief title

PublicArg:3/4/97

Reps.D. Sommers/Gombosky/Wood
Sponsor

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BACKGROUND:

1. Constitutional limitations 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 (1½%) 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%) 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 (5%) of the value of taxable property within its boundaries. This limitation applies to the total of both non-voter approved and voter approved general indebtedness.

In almost every instance when authorization for voter-approved indebtedness is sought, the ballot proposition authorizes excess property tax levies to be imposed for the term of the general indebtedness that are used to retire the indebtedness. Article VII, Section 2, of the state constitution requires that a ballot proposition authorizing this type of excess levies be approved by at least three-fifths (60%) of the voters voting on the proposition with the total number of voters voting on the ballot proposition equal in number to at least 40 percent of the number of voters in the taxing district who voted at the last general election.

Continued

2. Statutory limitations on indebtedness.

Statutes establish different levels of general indebtedness limitations for different types of local governments. Frequently, these limitations are less than the amount of indebtedness authorized by the constitution.

3. 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 one and one-fourth percent of the value of taxable property in the district.

SUMMARY:

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 one and one-quarter percent to an amount not exceeding five percent of the value of taxable property within the district.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill passed.