

SENATE BILL REPORT

SB 5922

As Reported By Senate Committee On:
Ways & Means, March 5, 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: Senator West.

Brief History:

Committee Activity: Ways & Means: 3/4/97, 3/5/97 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5922 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Long, Loveland, McDonald, Roach, Rossi, Schow, Sheldon, Snyder, Swecker and Zarelli.

Staff: Michael Groesch (786-7715)

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 is limited to 7 percent of a three-year average 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 support by general fund bonds which has been used for nonstate projects has average about 10 percent.

Summary of Substitute Bill: Beginning in the 1999-2001 biennium, the state Legislature is prohibited from making appropriations which will increase the percentage of expenditures for nonstate projects. This prohibition is limited to expenditures which are supported by bonds subject to the 7 percent debt limit and excludes expenditures for common school construction.

Substitute Bill Compared to Original Bill: Technical corrections are made.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.