

FINAL BILL REPORT

SSB 6175

C 291 L 98
Synopsis as Enacted

Brief Description: Authorizing financing contracts.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators McCaslin, Strannigan, Haugen, Sellar, Brown and Loveland; by request of State Treasurer).

Senate Committee on Government Operations
House Committee on Financial Institutions & Insurance

Background: State agencies have the authority to finance the purchase of real estate and equipment by means of financing contracts. All financing contracts must be approved by the State Finance Committee. The State Treasurer's Office administers this program, called the Lease/Purchase Program, for the State Finance Committee. By pooling agencies' financing requests in the name of the state of Washington, the State Treasurer provides individual state agencies access to the municipal securities markets and lower tax-exempt interest rates.

Local governments and special purpose districts do not have the authority to participate in the Lease/Purchase Program. To finance their purchases, local governments and special purpose districts use vendor financing or seek access individually to the financial markets. Both of these avenues have high costs.

Summary: Agricultural commissions, libraries, educational service districts, the Superintendent of Public Instruction, the School Directors' Association, health districts, counties, cities, towns, school districts and any other special purpose district are given the option to participate in the Lease/Purchase Program. The State Treasurer may levy fees sufficient to ensure that the program is self-supporting. The State Treasurer has authority to use the local entity's state revenue share to fulfill any part of a financing contract on which the local entity defaults. The state may assume a contingent obligation to pay under the financing contract. Payments made by the local entity are made through the State Treasurer's Office. The obligation to pay is not a general obligation of the state.

Debts incurred under the Lease/Purchase Program are not excluded from the debt limitations on taxing districts, fire protection districts and port districts.

Votes on Final Passage:

Senate	42	0	
House	95	0	(House amended)
Senate	36	0	(Senate concurred)

Effective: June 11, 1998