HOUSE BILL REPORT
SHB 1166

As Passed Legislature

Title: An act relating to state general obligation bonds and related accounts.

Brief Description: Issuing general obligation bonds.

Sponsors: By House Committee on Capital Budget (Originally sponsored by Representatives Murray, Mitchell, Hankins and O'Brien; by request of Governor Locke).

Brief History:
  Committee Activity:
    Capital Budget: 3/31/99 [DPS].
  Floor Activity:
    Passed House: 4/1/99, 94-1.
    Passed Senate: 4/25/99, 47-2.
    Passed Legislature.

Brief Summary of Substitute Bill

· Authorizes the issuance of general obligation bonds to finance the 1999-01 Capital Budget.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Mitchell, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Alexander; Anderson; Barlean; Bush; Constantine; Dunshee; Hankins; Koster; Lantz; Mastin; Miloscia; O'Brien; Ogden and Schoesler.

Staff: Bill Robinson (786-7140).

Background:

The state of Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the state general fund and deposits them into the bond retirement funds. For reimbursable bonds, an equal amount is then transferred to the bond retirement account from the source of the reimbursement.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

Summary of Bill:

The State Finance Committee is authorized to issue $1.2 billion of state general obligation bonds to finance projects appropriated in the 1999-01 capital and operating budgets. The bill specifies that the authority is only for appropriations made in the 1999-01 biennium. The proceeds of the sale of the bonds are deposited into three accounts: $950 million is deposited into the state building construction account; $22.5 million is deposited into the outdoor recreation account (for the Washington Wildlife and Recreation Program); $22.5 million is deposited into the habitat conservation account (for the Washington Wildlife and Recreation Program); $36.3 million is deposited into the state higher education construction account (for the Washington State University Health Science Building); and $136.8 million is deposited into the higher education construction account (for the University of Washington law school, Suzzallo Library and Medical Center).

The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the bond retirement account. However, for bond proceeds deposited into the higher education construction accounts, the University of Washington and Washington State University are required to transfer the amounts necessary from nonappropriated local funds to make the principal and interest payments on the bonds.

Current law is amended to allow the state higher education construction account and the higher education construction account to retain interest earnings.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: None.

Testified: None.