

FINAL BILL REPORT

ESB 5990

C 9 L 01 E2
Synopsis as Enacted

Brief Description: Issuing general obligation bonds.

Sponsors: Senators Fairley, Spanel, B. Sheldon and Zarelli; by request of Office of Financial Management.

Senate Committee on Ways & Means

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: The State Finance Committee is authorized to issue \$935 million of state general obligation bonds to finance projects appropriated in the 2001-03 capital budget. The authority is only for appropriations made in the 2001-03 biennium. Separate bond authorizations are also provided, including \$16 million of reimbursable general obligation bonds for the east plaza garage and \$82.5 million of reimbursable general obligation bonds for the rehabilitation of the state Legislative Building.

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. The state statutory debt limit is amended to allow debt limit exemptions for bond payments from proceeds of the capitol building trust and from capitol campus parking fees.

Votes on Final Passage:

Senate 47 0

Second Special Session

Senate 42 3

House 85 0 (House amended)
Senate 36 2 (Senate concurred)

Effective: June 26, 2001