

SENATE BILL REPORT

ESB 5990

As Passed Senate, June 8, 2001

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

Brief Description: Issuing general obligation bonds.

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

Brief History:

Committee Activity: Ways & Means: 3/28/01, 3/29/01 [DP].

Passed Senate: 3/30/01, 47-0.

Second Special Session: Passed Senate: 6/8/01, 42-3.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Regala, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Michael Groesch (786-7434)

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 \$938 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.

Appropriation: None.

Fiscal Note: Not requested.

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

House Amendment(s): The bond authorization amount is reduced to match the amount of bonds funds appropriated.