

HOUSE BILL REPORT

ESHB 1288

As Passed House:

June 5, 2003

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 Dunshee and Alexander; by request of Office of Financial Management).

Brief History:

Committee Activity:

Capital Budget: 4/16/03, 4/21/03 [DPS].

First Special Session

Floor Activity:

Passed House: 6/5/03, 90-6.

Brief Summary of Engrossed Substitute Bill

- Authorizes issuance of general obligation bonds to support appropriations in the 2003-05 Capital Budget. A separate bond authorization is provided for \$750 million for higher education projects over roughly three biennia.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Dunshee, Chair; Hunt, Vice Chair; Blake, Chase, Flannigan, Hankins, Kirby, Lantz, McIntire, Morrell, Murray, O'Brien, Simpson and Veloria.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Priest, Assistant Ranking Minority Member; Armstrong, Benson, Bush, Hinkle, Mastin, Newhouse, Orcutt, Schoesler and Woods.

Staff: Charlie Gavigan (786-7340).

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 Engrossed Substitute Bill:

The State Finance Committee is authorized to issue state general obligation bonds to finance \$1.17 billion in projects in the 2003-05 Capital Budget.

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.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: This bond authorization bill is necessary to finance the 2003-2005 Capital Budget; about half of the budget proposal is financed through bonds.

Testimony Against: None.

Testified: Terry Teale, Council of Presidents; and Bill Robinson, The Nature Conservancy.