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**Capital Budget Committee**

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**HB 1288**

**Brief Description:** Issuing general obligation bonds.

**Sponsors:** Representatives Dunshee and Alexander; by request of Office of Financial Management.

**Brief Summary of Bill**

- Authorizes issuance of general obligation bonds to support appropriations in the 2003-05 Capital Budget.

**Hearing Date:** 4/16/03

**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 Bill:**

The State Finance Committee is authorized to issue state general obligation bonds to finance \$926 million in projects appropriated in the 2003-05 capital budget. A separate bond authorization is provided for \$311 million in general obligation bonds to support education

projects for common schools and higher education institutions appropriated 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. The state statutory debt limit is amended to allow a debt limit exemption for bond payments on education-related bonds whose debt service is covered by the paid through the Education Construction Fund.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.