
Capital Budget Committee

HB 2242

Brief Description: Concerning the definition of general state revenues.

Sponsors: Representative Dunshee.

Brief Summary of Bill

- The statutory definition of general state revenues used in determining bond capacity is changed to include the total state portion of the property tax.

Hearing Date: 4/16/03

Staff: Charlie Gavigan (786-7340).

Background:

Washington State's indebtedness is limited by a statutory and constitutional debt limit. The Treasurer cannot issue any bonds that would cause the debt service on the new plus existing bonds to exceed 7 percent of general state revenue averaged over three years; the constitutional limit is 9 percent..

Bond capacity for a given biennium is the amount of projects that can be authorized by the legislature for which the Treasurer can issue bonds to finance without exceeding the debt limit in the future given forecasted variables and a stable capital budget level in future biennia. Interest rates, revenue, and other factors affect bond capacity.

For purposes of the debt limit, "general state revenues" is defined in the state Constitution and by statute. General state revenues traditionally has been defined to be more limited than revenue going to the state General Fund; revenue identified in statute as being for specific purposes or going into dedicated accounts typically has not been considered general state revenues. The same definition is used for both the constitutional and statutory debt limits except that the statutory definition includes the portion of the Real Estate Excise Tax (REET) going to the general fund for support of the common schools and the lottery revenue going to the Education Construction Account while the constitutional definition likely does not. The lottery was added to general state revenues by Initiative 728 (and a technical correction was made in the 2002 bond bill), and the REET was added to the statutory definition of general state revenues in the 2002 bond bill.

Most of the state portion of the property tax goes to the general fund for support of the common schools; a portion goes to the student achievement fund and is distributed to local school districts.

Summary of Bill:

The statutory definition of general state revenues used in determining bond capacity is changed to add the total state portion of the property tax. This includes the portion going to the General Fund and the portion going to the Student Achievement Fund.

Appropriation: None.

Fiscal Note: Not Requested.

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