

SENATE BILL REPORT

SB 5908

As Reported By Senate Committee On:
Ways & Means, April 16, 2003

Title: An act relating to capital construction of and bonding for facilities for institutions of higher education.

Brief Description: Enacting the building Washington's future act.

Sponsors: Senators Zarelli, Rossi, Carlson, Kohl-Welles, Fairley, B. Sheldon, Keiser, McAuliffe, West and Winsley.

Brief History:

Committee Activity: Ways & Means: 2/26/03, 4/16/03 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5908 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Brown, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Poulsen, Regala, Roach, Sheahan and B. Sheldon.

Staff: David Schumacher (786-7474)

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 Substitute Bill: The State Finance Committee is authorized to issue \$1.0 billion of state general obligation bonds to finance higher education projects over the next 5 biennia. The stated intention for this new money is added spending for higher education institutions while maintaining the historical funding levels in the underlying capital budget.

Substitute Bill Compared to Original Bill: The substitute bill reduced the 5 biennia amount from \$1.7 billion and removed the subaccounts for the types of institutions.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.