

HOUSE BILL REPORT

HB 3316

As Reported by House Committee On: Capital Budget

Title: An act relating to authorizing state general obligation bonds for correctional facilities, Hood Canal and Puget Sound rehabilitation, and the Columbia river basin water supply development program.

Brief Description: Authorizing the issuance of general obligation bonds.

Sponsors: Representatives Dunshee, Linville, Grant and Kessler.

Brief History:

Committee Activity:

Capital Budget: 2/23/06 [DPS].

Brief Summary of Substitute Bill

- Authorizes the issuance of \$353.7 million in state general obligation bonds to finance the Columbia River Basin Water Supply Development Program, prison expansion, and rehabilitation of the Hood Canal and the Puget Sound.
- Provides a listing of the state parks intended to be improved as part of the Hood Canal Aquatic Rehabilitation Program and as part of the rehabilitation of Puget Sound.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Eickmeyer, Ericks, Flannigan, Green, Hasegawa, Lantz, Moeller, Morrell, O'Brien, Schual-Berke, Springer and Upthegrove.

Minority Report: Do not pass. Signed by 12 members: Representatives Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Clements, Cox, Ericksen, Kretz, Kristiansen, McCune, Newhouse, Roach, Serben and Strow.

Staff: Susan Howson (786-7142).

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.

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 state general obligation bonds to finance three specific purposes.

Authority is provided for \$83.7 million of bonds to expand prison capacity. Authority is provided for \$200 million of bonds over five biennia for the Columbia River Basin Water Supply Development Program created in Engrossed Second Substitute House Bill 2860. Authority is provided for \$40 million of bonds over four biennia for the rehabilitation of the Hood Canal. Authority is provided for \$30 million of bonds over three biennia for rehabilitation of the Puget Sound.

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.

Substitute Bill Compared to Original Bill:

The substitute bill provides a list of the state parks intended to be improved as part of the Hood Canal Aquatic Rehabilitation Program and as part of the rehabilitation of Puget Sound.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (In support) Funding the clean up of the two largest inland bodies of water in western Washington is fair because \$200 million will be spent on the Columbia River for irrigation, storage, and water supplies. Cleaning up Hood Canal and Puget Sound will encourage tourism and economic development.

The cities of Bremerton and Mukilteo and Conservation Northwest are supportive of the amendment to clean up parks because parks are overused and in need of clean up.

Testimony Against: None.

Persons Testifying: (In support) Mike Ryherd, City of Bremerton, City of Mukilteo and Conservation Northwest.

Persons Signed In To Testify But Not Testifying: None.