

HOUSE BILL REPORT

SSB 5882

As Reported by House Committee On: Appropriations

Title: An act relating to creating the Washington state heritage center account and establishing fees to be used for financing the Washington state heritage center.

Brief Description: Funding the Washington state heritage center.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Honeyford, Regala, Swecker, Rockefeller, Parlette, Kohl-Welles, Rasmussen and Kastama; by request of Secretary of State).

Brief History:

Committee Activity:

Appropriations: 4/14/07 [DP].

Brief Summary of Substitute Bill

- Authorizes fees for the repayment of a certificate of participation (financing agreement) for the construction and maintenance of the Heritage Center and for various operating expenses.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Hinkle, Hunt, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 7 members: Representatives Chandler, Dunn, Hunter, Kretz, Morrell, Priest and Walsh.

Staff: Charlie Gavigan (786-7340).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The primary duties of the Office of the Secretary of State include supervising state and local elections, filing and verifying initiatives and referendums, producing the state voters pamphlet, registering corporations and charities, and managing the State Archives. The state library and TVW are also funded through the Secretary of State.

There are a variety of documents that are filed with county auditors' offices throughout the state, particularly those related to real property located in the county. The auditors charge fees for filing these documents in the public record.

The Heritage Center is a proposed four-story, approximately 226,000 square foot facility on the capital campus overlooking Capital Lake. The proposal houses the Washington State Capital Museum, a cafe, an auditorium, a conference center, and the Washington State Library. The Governor's proposed 2007-09 Capital Budget includes authority for a certificate of participation (financing contract) for up to \$110.8 million plus financing expenses to construct the Heritage Center; this is contingent on passage of this act by June 30, 2007.

Certificates of Participation (COPs) are financing instruments used to facilitate lease/purchase contracts. Certificates of Participation are similar to bonds in that they are sold as securities to private investors. A third party trustee (usually a bank) administers payments between the agency and COP holders. Payments on COPs come from agency operating budgets. The contracts are not a general obligation of the state, as are bonds. Rather, payments are subject to the availability of funds within an agency's operating budget during any given time period. Because the full faith and credit of the state are not pledged toward lease/purchase payments, interest rates can be higher than for general obligation bonds. Debt on COPs does not fall under the state debt limit.

Summary of Bill:

Fees are authorized for the repayment of a COP (financing agreement) for the construction and maintenance of the Heritage Center and for various operating expenses. The Secretary of State must collect an additional fee of \$5 on: (1) articles of incorporation of domestic corporations or applications for certificates of authority for foreign corporations; (2) certificates of formation for domestic limited liability companies or registrations of foreign limited liability companies; (3) registration of foreign and domestic partnerships and limited liability partnerships; (4) certificates of limited partnerships and registration of foreign limited partnerships; and (5) registrations of trademarks. These additional fees are deposited into the Washington State Heritage Center Account (Account). The Secretary of State can solicit gifts and grants for the development, construction, and operation of the Washington State Heritage Center.

County auditors must collect an additional \$2 for recording documents to be deposited into the Account.

The Account is created in the custody of the State Treasurer. Moneys in the Account can only be used for payments of the certificate of participation, capital maintenance, or program

expenses of the Heritage Center, the State Archives, the State Library, or the Capital Museum. The Account is non-appropriated but subject to allotment. Interest earnings remain in the Account rather than being deposited in the General Fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 1, relating to corporate filing fees, which takes effect January 1, 2009, and section 2, relating to document recording, which takes effect January 1, 2008. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) The new Heritage Center will return the Washington State Library to the capital campus and will upgrade and expand the State Archives to better protect archived documents and make them more available to the public. The Heritage Center will serve citizens, historians, and legal researchers. It will be a major attraction for tourists and visitors to the capital campus including students who are visiting the capital and learning about the history of our state. The fees provided in the bill will support a facility that will become a legacy for the state.

(Opposed) None.

Persons Testifying: Senator Fraser, prime sponsor; Shane Hamlin, Office of the Secretary of State; and Bob Mitchell, Washington Realtors.

Persons Signed In To Testify But Not Testifying: None.