
Capital Budget Committee

HB 2334

Brief Description: Creating jobs by funding construction of safety, health, and energy-saving improvements to public facilities.

Sponsors: Representative Dunshee.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue \$3 billion in general obligation bonds, to be known as Washington Works Bonds, for the purpose of creating jobs by constructing capital improvements for the safety, health, and energy efficiency of public facilities.
- Appropriates funds for public school districts, public higher education institutions, and the Department of General Administration.
- Directs the Secretary of State to submit the short title, intent and bond authorization sections of the act to the people for adoption and ratification or rejection.

Hearing Date: 4/7/09

Staff: Nona Snell (786-7153)

Background:

Bond Authorization

The State of Washington 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. 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.

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 State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for the issuance of all state bonds.

The amount of state general obligation debt that may be incurred through Legislative and Gubernatorial direction is limited by Constitutional and statutory restrictions; however, Article VIII, section 3 of the Washington Constitution allows for voter-approved bonds outside the debt limits.

Referendum

Referendum bills are proposed laws referred to the voters by the Legislature. Referendum bills must be filed with the Secretary of State within ninety days after the final adjournment of the legislative session in which the act was passed. They may be submitted at the next general statewide election or at a special election ordered by the Legislature. The general election is held on the first Tuesday following the first Monday in November in the odd-numbered years. The 2009 statewide general election is on November 3.

Summary of Bill:

The Washington Works Act is enacted. The stated legislative intent is to create jobs by issuing bonds for safety, health and energy efficient improvements to public facilities, including all public school districts, higher education institutions, and other public facilities. The stated intent is to not displace funding in state capital and operating budgets, but to expend funds made available through a referendum to the people as quickly as possible consistent with good management practices.

Bond Authorization

The State Finance Committee is authorized to issue general obligation bonds in the amount of \$3 billion to create jobs by constructing capital improvements for the safety, health, and energy efficiency of public facilities. The bonds are to be known as the Washington Works Bonds.

Accounts

The Stabilization Debt Payment Account, an appropriated account, is created to receive repayment of one-half of the savings from energy efficiency improvements financed with the Washington Works Bonds appropriated to the Department of General Administration (GA). Funds are transferred from the Stabilization Debt Payment Account to the Nondebt-limit Reimbursable Bond Retirement Account for payment of bond principal and interest payments. If the Stabilization Debt Payment Account has insufficient revenues for the principal and interest payments, the remaining amount is paid from additional means provided by the Legislature.

The Washington Works Account, an appropriated account, is created to receive proceeds from the bond issuance. The uses of the account include safety, health, and energy efficiency improvements to schools and other public facilities included in the bill.

Appropriations

Appropriations are made to educational agencies and the GA for the safety, health, and energy efficiency of facilities. Each state agency receiving proceeds from the Washington Works Bonds issuance must report to the Legislature and the Office of Financial Management on the timing and use of funds by the end of each fiscal year until the funds are fully expended.

The Superintendent of Public Instruction

Approximately \$2 billion is appropriated to the Office of the Superintendent of Public Instruction (OSPI) for the modernization and renovation of school facilities to improve the safety, health, and energy efficiency of school buildings. Each school district receives a minimum of \$100,000, and the OSPI must distribute the remainder by equal amounts per full-time equivalent student to each school district, which is approximately \$2,000 per student.

Higher Education Institutions

The higher education institutions receive appropriations in the following amounts for improvements related to safety, health, and energy efficiency of public facilities, with energy efficiency projects taking priority:

- \$286 million for the Community and Technical College System;
- \$79.1 million for the University of Washington;
- \$45.7 million for Washington State University;
- \$25 million for Western Washington University;
- \$19.1 million for Eastern Washington University;
- \$18.8 million for Central Washington University; and
- \$8.6 million for The Evergreen State College.

The Department of General Administration

An appropriation in the amount of \$500 million is made to the GA, which is directed to work with Washington State University's Energy Extension Program and the Department of Community, Trade and Economic Development to provide energy efficiency services for public facilities. Performance-based contracting is the preferred method of delivering the services unless another method of delivering the services is more efficient or cost-effective. One-half of the savings from the energy efficiency improvements financed with the proceeds from the Washington Works Bonds issuance for this appropriation must be deposited into the Stabilization Debt Payment Account.

Up to \$200 million of the total appropriation to the GA is for energy efficiency improvements in K-12 public schools and higher education institutions.

Definitions

Energy-savings performance contracting is defined as the process by which a company contracts with a state agency to conduct no-cost energy audits, guarantees energy savings from energy efficiency, provides financing for energy efficiency improvements, and agrees to receive payment from the savings resulting from the energy efficiency improvement. (The process is authorized in chapter 39.35C RCW.)

Energy efficiency services include energy audits, weatherization, energy efficiency retrofits, and energy efficiency measures or improvements.

Public facilities are buildings, building components, and major equipment or systems.

Voter Approval

The title, intent, and bond authorization proposal is referred to a vote of the people at the next general election. The ballot title is "The legislature has passed House Bill No. (this act),

concerning funding improvements for schools and other public facilities. This bill would authorize bonds to construct safety, health, and energy efficiency improvements to schools and other public facilities."

If the pertinent parts of the act are not approved by the voters, the entire act is null and void.

Appropriation: None.

Fiscal Note: Requested on April 4, 2009.

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