
Capital Budget Committee

SB 6218

Brief Description: Authorizing use of voter approved local excess tax levies to pay financing contracts under the local option capital asset lending program and clarifying which "other agencies" may participate in the program.

Sponsors: Senators Fraser and Brandland; by request of State Treasurer.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Authorizes local governments to use voter-approved excess property tax levies to pay financing contracts under the State Treasurer's pooled financing program.
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Hearing Date: 2/17/10

Staff: Susan Howson (786-7142).

Background:

In 1989 the Legislature created the Lease/Purchase Program (Program) to finance the purchase of real property and equipment for state agencies through the use of financing contracts. The Office of the State Treasurer administers the Program for the State Finance Committee. By pooling agencies' financing requests, the State Treasurer provides individual state agencies access to the municipal securities market and lower tax-exempt interest rates.

The Legislature expanded the Program in 1998 to allow local governments access to the Program. Local government agencies can finance equipment or real estate needs through the Office of the State Treasurer's Local Option Capital Asset Lending (LOCAL) Program subject to existing debt limitations and financial considerations.

Article VII, section 2(b) of the state Constitution authorizes the collection of voter-approved excess property tax levies for the sole purpose of making debt service payments on general obligation bonds issued solely for capital purposes, other than the replacement of equipment.

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.

Local governments do not have the authority to use voter-approved excess property tax levies to pay financing contracts through the LOCAL Program.

Summary of Bill:

Local governments are allowed to use voter-approved excess property tax levies to pay financing contracts through the LOCAL Program. Equipment purchases are excluded.

Appropriation: None.

Fiscal Note: Available.

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