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**SENATE JOINT RESOLUTION 8225**

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**State of Washington                      61st Legislature                      2010 Regular Session**

**By** Senators Fraser, Brandland, and Prentice; by request of State Treasurer

Read first time 01/22/10. Referred to Committee on Ways & Means.

1            BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

3            THAT, At the next general election to be held in this state the  
4 secretary of state shall submit to the qualified voters of the state  
5 for their approval and ratification, or rejection, an amendment to  
6 Article VIII, section 1 of the Constitution of the state of Washington  
7 to read as follows:

8            Article VIII, section 1. (a) The state may contract debt, the  
9 principal of which shall be paid and discharged within thirty years  
10 from the time of contracting thereof, in the manner set forth herein.

11            (b) The aggregate debt contracted by the state shall not exceed  
12 that amount for which payments of principal and interest in any fiscal  
13 year would require the state to expend more than nine percent of the  
14 arithmetic mean of its general state revenues for the three immediately  
15 preceding fiscal years as certified by the treasurer. The term "fiscal  
16 year" means that period of time commencing July 1 of any year and  
17 ending on June 30 of the following year.

18            (c) The term "general state revenues" when used in this section,  
19 shall include all state money received in the treasury from each and

1 every source whatsoever except: (1) Fees and revenues derived from the  
2 ownership or operation of any undertaking, facility, or project; (2)  
3 Moneys received as gifts, grants, donations, aid, or assistance or  
4 otherwise from the United States or any department, bureau, or  
5 corporation thereof, or any person, firm, or corporation, public or  
6 private, when the terms and conditions of such gift, grant, donation,  
7 aid, or assistance require the application and disbursement of such  
8 moneys otherwise than for the general purposes of the state of  
9 Washington; (3) Moneys to be paid into and received from retirement  
10 system funds, and performance bonds and deposits; (4) Moneys to be paid  
11 into and received from trust funds including but not limited to moneys  
12 received from taxes levied for specific purposes and the several  
13 permanent and irreducible funds of the state and the moneys derived  
14 therefrom but excluding bond redemption funds; (5) Proceeds received  
15 from the sale of bonds or other evidences of indebtedness.

16 (d) In computing the amount required for payment of principal and  
17 interest on outstanding debt under this section, debt shall be  
18 construed to mean borrowed money represented by bonds, notes, or other  
19 evidences of indebtedness which are secured by the full faith and  
20 credit of the state or are required to be repaid, directly or  
21 indirectly, from general state revenues and which are incurred by the  
22 state, any department, authority, public corporation, or quasi public  
23 corporation of the state, any state university or college, or any other  
24 public agency created by the state but not by counties, cities, towns,  
25 school districts, or other municipal corporations, but shall not  
26 include obligations for the payment of current expenses of state  
27 government, nor shall it include debt hereafter incurred pursuant to  
28 section 3 of this article, obligations guaranteed as provided for in  
29 subsection (g) of this section, principal of bond anticipation notes or  
30 obligations issued to fund or refund the indebtedness of the Washington  
31 state building authority. In addition, for the purpose of computing  
32 the amount required for payment of interest on outstanding debt under  
33 subsection (b) of this section and this subsection, "interest" shall be  
34 reduced by subtracting the amount scheduled to be received by the state  
35 as payments from the federal government in each year in respect of  
36 bonds, notes, or other evidences of indebtedness subject to this  
37 section.

1 (e) The state may pledge the full faith, credit, and taxing power  
2 of the state to guarantee the voter approved general obligation debt of  
3 school districts in the manner authorized by the legislature. Any such  
4 guarantee does not remove the debt obligation of the school district  
5 and is not state debt.

6 (f) The state may, without limitation, fund or refund, at or prior  
7 to maturity, the whole or any part of any existing debt or of any debt  
8 hereafter contracted pursuant to section 1, section 2, or section 3 of  
9 this article, including any premium payable with respect thereto and  
10 interest thereon, or fund or refund, at or prior to maturity, the whole  
11 or any part of any indebtedness incurred or authorized prior to the  
12 effective date of this amendment by any entity of the type described in  
13 subsection (h) of this section, including any premium payable with  
14 respect thereto and any interest thereon. Such funding or refunding  
15 shall not be deemed to be contracting debt by the state.

16 (g) Notwithstanding the limitation contained in subsection (b) of  
17 this section, the state may pledge its full faith, credit, and taxing  
18 power to guarantee the payment of any obligation payable from revenues  
19 received from any of the following sources: (1) Fees collected by the  
20 state as license fees for motor vehicles; (2) Excise taxes collected by  
21 the state on the sale, distribution or use of motor vehicle fuel; and  
22 (3) Interest on the permanent common school fund: *Provided*, That the  
23 legislature shall, at all times, provide sufficient revenues from such  
24 sources to pay the principal and interest due on all obligations for  
25 which said source of revenue is pledged.

26 (h) No money shall be paid from funds in custody of the treasurer  
27 with respect to any debt contracted after the effective date of this  
28 amendment by the Washington state building authority, the capitol  
29 committee, or any similar entity existing or operating for similar  
30 purposes pursuant to which such entity undertakes to finance or provide  
31 a facility for use or occupancy by the state or any agency, department,  
32 or instrumentality thereof.

33 (i) The legislature shall prescribe all matters relating to the  
34 contracting, funding or refunding of debt pursuant to this section,  
35 including: The purposes for which debt may be contracted; by a  
36 favorable vote of three-fifths of the members elected to each house,  
37 the amount of debt which may be contracted for any class of such  
38 purposes; the kinds of notes, bonds, or other evidences of debt which

1 may be issued by the state; and the manner by which the treasurer shall  
2 determine and advise the legislature, any appropriate agency, officer,  
3 or instrumentality of the state as to the available debt capacity  
4 within the limitation set forth in this section. The legislature may  
5 delegate to any state officer, agency, or instrumentality any of its  
6 powers relating to the contracting, funding or refunding of debt  
7 pursuant to this section except its power to determine the amount and  
8 purposes for which debt may be contracted.

9 (j) The full faith, credit, and taxing power of the state of  
10 Washington are pledged to the payment of the debt created on behalf of  
11 the state pursuant to this section and the legislature shall provide by  
12 appropriation for the payment of the interest upon and installments of  
13 principal of all such debt as the same falls due, but in any event, any  
14 court of record may compel such payment.

15 (k) Notwithstanding the limitations contained in subsection (b) of  
16 this section, the state may issue certificates of indebtedness in such  
17 sum or sums as may be necessary to meet temporary deficiencies of the  
18 treasury, to preserve the best interests of the state in the conduct of  
19 the various state institutions, departments, bureaus, and agencies  
20 during each fiscal year; such certificates may be issued only to  
21 provide for appropriations already made by the legislature and such  
22 certificates must be retired and the debt discharged other than by  
23 refunding within twelve months after the date of incurrence.

24 (l) Bonds, notes, or other obligations issued and sold by the state  
25 of Washington pursuant to and in conformity with this article shall not  
26 be invalid for any irregularity or defect in the proceedings of the  
27 issuance or sale thereof and shall be incontestable in the hands of a  
28 bona fide purchaser or holder thereof.

29 BE IT FURTHER RESOLVED, That the secretary of state shall cause  
30 notice of this constitutional amendment to be published at least four  
31 times during the four weeks next preceding the election in every legal  
32 newspaper in the state.

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