

SENATE BILL REPORT

ESHB 2020

As of Second Reading

Title: An act relating to funding capital projects.

Brief Description: Funding capital projects.

Sponsors: House Committee on Capital Budget (originally sponsored by Representative Dunshee).

Brief History: Passed House: 5/25/11, 84-10.

Committee Activity:

Staff: Brian Sims (786-7431)

Background: The programs and agencies of state government are funded on a two-year basis, with each biennium beginning on July 1 of each odd-numbered year. The capital budget includes appropriations for the acquisition, construction, and repair of capital assets such as state office buildings, prisons, juvenile rehabilitation centers, residential habilitation centers, mental health facilities, military readiness centers, and higher education facilities. The capital budget also funds a variety of environmental and natural resource projects, parks and recreational facilities, public K-12 school construction, and grant and loan programs that support housing, public infrastructure, community service facilities, and art and historical projects. The sources of funding for the capital budget primarily are state general obligation bonds, trust revenues, and dedicated fees and taxes.

Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith, 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 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.

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.

Summary of Bill: The Capital Budget appropriates \$1.1 billion in new state general obligation bonds to support projects in the 2011-13 Capital Budget biennium. State bond reappropriations of \$1.1 billion are authorized for projects approved in prior biennia. The 2011 Supplemental Capital Budget reduces 2009-11 Capital Budget state bond appropriations by \$33 million.

The State Finance Committee is authorized to issue state general obligation bonds to finance \$1.1 billion in projects in the 2011 Supplemental and 2011-13 Capital Budgets. 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. A June 30, 2013, expiration date is added to several bond authorizations that remain unissued.

Appropriation: The sum of \$1.1 billion in new appropriations and \$1.1 billion in reappropriations.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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