

FINAL BILL REPORT

SSB 5181

C 46 L 11 E 1
Synopsis as Enacted

Brief Description: Concerning limitations on state debt.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Parlette, Kilmer, Zarelli, Murray, Litzow, Rockefeller, Stevens, Becker, Baumgartner and Hill).

Senate Committee on Ways & Means

Background: The state Constitution limits the issuance of state general obligation bonds. The State Treasurer may not issue a debt-limit general obligation bond if the amount of interest and principal payments in any year, along with such payments for existing debt limit bonds, would exceed 9 percent of the average of the annual general state revenue collections for the previous three fiscal years.

Summary: A commission is established to examine the use of debt in Washington State and make recommendations on debt policy and debt limitations. Commission members include the State Treasurer; the Director of the Office of Financial Management; four legislators, one from each of the four major caucuses; and six independent experts, three appointed by the Governor and three appointed by the State Treasurer. The commission's report is due December 1, 2011.

The State Finance Committee is directed to set a working debt limit for budget development purposes. That working limit phases down to 7.75 percent by Fiscal Year 2022 starting in Fiscal Year 2016. The Committee may adjust that working debt limit due to extraordinary economic conditions. The Committee is authorized to delay or reduce bond issuance in order to not exceed the recommended working debt limit.

The amount of \$150,000 from the State Treasurer's Service Fund is appropriated for the support of the commission's work.

Votes on Final Passage:

First Special Session

Senate	40	1
House	79	14

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.

Effective: August 24, 2011.