
SENATE JOINT RESOLUTION 8221

State of Washington 62nd Legislature 2012 Regular Session

By Senators Parlette, Kilmer, Benton, Murray, Brown, King, Hewitt, Becker, and Morton; by request of Commission on State Debt

Read first time 01/16/12. 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, as calculated by
12 the treasurer at the time debt is contracted, shall not exceed that
13 amount for which payments of principal and interest in any fiscal year
14 would require the state to expend more than ((nine)) eight and three-
15 quarters percent of the arithmetic mean of its general state revenues
16 for the ((three)) six immediately preceding fiscal years as certified
17 by the treasurer. The term "fiscal year" means that period of time
18 commencing July 1 of any year and ending on June 30 of the following
19 year.

1 (c) The term "general state revenues," when used in this section,
2 shall include all state money received in the treasury from each and
3 every source (~~whatsoever except~~), including moneys received from ad
4 valorem taxes levied by the state and deposited in the general fund in
5 each fiscal year, but not including: (1) Fees and other revenues
6 derived from the ownership or operation of any undertaking, facility,
7 or project; (2) Moneys received as gifts, grants, donations, aid, or
8 assistance or otherwise from the United States or any department,
9 bureau, or corporation thereof, or any person, firm, or corporation,
10 public or private, when the terms and conditions of such gift, grant,
11 donation, aid, or assistance require the application and disbursement
12 of such moneys otherwise than for the general purposes of the state of
13 Washington; (3) Moneys to be paid into and received from retirement
14 system funds, and performance bonds and deposits; (4) Moneys to be paid
15 into and received from trust funds (~~including but not limited to~~
16 ~~moneys received from taxes levied for specific purposes~~) and the
17 several permanent and irreducible funds of the state and the moneys
18 derived therefrom but excluding bond redemption funds; (5) Moneys
19 received from taxes levied for specific purposes and required to be
20 deposited for those purposes into specified funds or accounts other
21 than the general fund; and (6) Proceeds received from the sale of bonds
22 or other evidences of indebtedness.

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

1 the amount required for payment of interest on outstanding debt under
2 subsection (b) of this section and this subsection, "interest" shall be
3 reduced by subtracting the amount scheduled to be received by the state
4 as payments from the federal government in each year in respect of
5 bonds, notes, or other evidences of indebtedness subject to this
6 section.

7 (e) The state may pledge the full faith, credit, and taxing power
8 of the state to guarantee the voter approved general obligation debt of
9 school districts in the manner authorized by the legislature. Any such
10 guarantee does not remove the debt obligation of the school district
11 and is not state debt.

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

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

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

1 (i) The legislature shall prescribe all matters relating to the
2 contracting, funding or refunding of debt pursuant to this section,
3 including: The purposes for which debt may be contracted; by a
4 favorable vote of three-fifths of the members elected to each house,
5 the amount of debt which may be contracted for any class of such
6 purposes; the kinds of notes, bonds, or other evidences of debt which
7 may be issued by the state; and the manner by which the treasurer shall
8 determine and advise the legislature, any appropriate agency, officer,
9 or instrumentality of the state as to the available debt capacity
10 within the limitation set forth in this section. The legislature may
11 delegate to any state officer, agency, or instrumentality any of its
12 powers relating to the contracting, funding or refunding of debt
13 pursuant to this section except its power to determine the amount and
14 purposes for which debt may be contracted.

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

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

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

35 BE IT FURTHER RESOLVED, That the amendments to Article VIII,
36 Section 1, if approved and ratified by the qualified voters of the
37 state, shall be effective on and after July 1, 2014.

38 BE IT FURTHER RESOLVED, That the statement of subject and concise

1 description for the ballot title of this constitutional amendment shall
2 read "The legislature has proposed a constitutional amendment on
3 implementing the Commission on State Debt recommendations regarding
4 Washington's debt limit. This amendment would, effective July 1, 2014,
5 reduce the debt limit percentage from nine to eight and three-quarters
6 and modify the calculation date, calculation period, and the term
7 general state revenues. Should this constitutional amendment be:

8 Approved
9 Rejected "

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

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