

HOUSE BILL REPORT

HB 1956

As Reported by House Committee On:
Transportation

Title: An act relating to authorizing bonds for transportation funding.

Brief Description: Authorizing bonds for transportation funding.

Sponsors: Representatives Clibborn, Ryu, Liias, Moscoso and Fey.

Brief History:

Committee Activity:

Transportation: 4/19/13, 4/22/13 [DPS].

Brief Summary of Substitute Bill

- Authorizes the issuance of up to \$5 billion of general obligation bonds, of which \$1.3 billion are contingent and authorized only for construction on State Route 520.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist, Farrell, Fitzgibbon, Habib, Moeller, Morris, Riccelli, Ryu, Sells, Takko, Tarleton and Upthegrove.

Minority Report: Do not pass. Signed by 14 members: Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel, Hayes, Johnson, Klippert, Kochmar, Kretz, Kristiansen, O'Ban, Rodne, Shea and Zeiger.

Staff: David Munnecke (786-7315).

Background:

Washington periodically issues general obligation bonds to fund transportation capital projects with a long-term expected life span. General obligation bonds pledge the full faith,

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.

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. The proceeds of the bonds must then be appropriated for transportation projects.

The State Finance Committee (Committee) was created in 1921, and is composed of the Governor, the Lieutenant Governor, and the State Treasurer. The Committee authorizes the issuance and establishes the terms, conditions, and manner of the sale of all bonds, notes, and other debt for the state to finance capital projects in the state's capital and transportation budgets. Article VIII, section 1(a) of the state Constitution and existing statutes limit the term of state general obligation bonds to 30 years.

Summary of Substitute Bill:

The Committee is authorized to issue \$5 billion in state general obligation bonds to finance projects or improvements identified as Connecting Washington projects or improvements. The bonds are backed by the motor fuels taxes and the full faith and credit of the state.

Of the total \$5 billion amount, \$1.3 billion in bonds are authorized solely for construction on State Route 520 between Interstate 5 and the State Route 520 floating bridge. If the Secretary of the Washington State Department of Transportation (WSDOT) certifies that there is sufficient funding to complete the contemplated improvements to this portion of State Route 520, then these \$1.3 billion in bonds may not be issued.

Substitute Bill Compared to Original Bill:

The proceeds of the motor vehicle excise tax are removed from the revenue sources that are pledged to pay for the bonds.

The total amount of bonds that may be issued is increased from \$3.2 billion to \$5 billion. Of this amount, \$1.3 billion in bonds is authorized solely for construction on State Route 520 between Interstate 5 and the State Route 520 floating bridge. If the Secretary of the WSDOT certifies that there is sufficient funding to complete the contemplated improvements to this portion of State Route 520, then these \$1.3 billion in bonds may not be issued.

Appropriation: None.

Fiscal Note: Requested on February 21, 2013.

Effective Date of Substitute Bill: The bill takes effect on August 1, 2013, except for sections 6 and 7, which take effect July 1, 2015, unless the Secretary of the WSDOT certifies that there is sufficient funding to complete the contemplated improvements to the portion of State Route 520 between Interstate 5 and the State Route 520 floating bridge.

Staff Summary of Public Testimony:

(In support) These bonds are necessary to allow for the construction of the projects contemplated in the revenue package. This includes the construction of more replacement ferry vessels for the boats that have reached the end of their useful lives.

(Opposed) The state should not take on more debt, and should instead pay for projects with cash.

Persons Testifying: (In support) Representative Clibborn, prime sponsor; Patty Lent, City of Bremerton; and Adam Brockus, Ferry Community Partnership.

(Opposed) John Worthington; and Paul Locke.

Persons Signed In To Testify But Not Testifying: None.