

ESJR 8204 - S COMM AMD

By Committee on Ways & Means, Keiser, Honeyford

ADOPTED 02/10/2016

1 Beginning on page 1, at the beginning of line 8, strike all  
2 material through page 5, line 17, and insert the following:

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

6 (b) The aggregate debt contracted by the state, as calculated by  
7 the treasurer at the time debt is contracted, shall not exceed that  
8 amount for which payments of principal and interest in any fiscal  
9 year would require the state to expend more than the applicable  
10 percentage limit of the arithmetic mean of its general state revenues  
11 for the six immediately preceding fiscal years as certified by the  
12 treasurer. The term "applicable percentage limit" means eight and  
13 one-half percent from July 1, 2014, through June 30, 2016; eight and  
14 one-quarter percent from July 1, 2016, through June 30, 2034; eight  
15 percent from July 1, 2034, and thereafter. The term "fiscal year"  
16 means that period of time commencing July 1 of any year and ending on  
17 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  
20 every source, including moneys received from ad valorem taxes levied  
21 by the state and deposited in the general fund in each fiscal year,  
22 but not including: (1) Fees and other revenues derived from the  
23 ownership or operation of any undertaking, facility, or project; (2)  
24 Moneys received as gifts, grants, donations, aid, or assistance or  
25 otherwise from the United States or any department, bureau, or  
26 corporation thereof, or any person, firm, or corporation, public or  
27 private, when the terms and conditions of such gift, grant, donation,  
28 aid, or assistance require the application and disbursement of such  
29 moneys otherwise than for the general purposes of the state of  
30 Washington; (3) Moneys to be paid into and received from retirement  
31 system funds, and performance bonds and deposits; (4) Moneys to be  
32 paid into and received from trust funds and the several permanent and

1 irreducible funds of the state and the moneys derived therefrom but  
2 excluding bond redemption funds; (5) Moneys received from taxes  
3 levied for specific purposes and required to be deposited for those  
4 purposes into specified funds or accounts other than the general  
5 fund; and (6) Proceeds received from the sale of bonds or other  
6 evidences of indebtedness.

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

29 (e) The state may pledge the full faith, credit, and taxing power  
30 of the state to guarantee the voter approved general obligation debt  
31 of school districts in the manner authorized by the legislature. Any  
32 such guarantee does not remove the debt obligation of the school  
33 district and is not state debt.

34 (f) The state may, without limitation, fund or refund, at or  
35 prior to maturity, the whole or any part of any existing debt or of  
36 any debt hereafter contracted pursuant to section 1, section 2, or  
37 section 3 of this article, including any premium payable with respect  
38 thereto and interest thereon, or fund or refund, at or prior to  
39 maturity, the whole or any part of any indebtedness incurred or  
40 authorized prior to the effective date of this amendment by any

1 entity of the type described in subsection (h) of this section,  
2 including any premium payable with respect thereto and any interest  
3 thereon. Such funding or refunding shall not be deemed to be  
4 contracting debt by the state.

5 (g) Notwithstanding the limitation contained in subsection (b) of  
6 this section, the state may pledge its full faith, credit, and taxing  
7 power to guarantee the payment of any obligation payable from  
8 revenues received from any of the following sources: (1) Fees  
9 collected by the state as license fees for motor vehicles; (2) Excise  
10 taxes collected by the state on the sale, distribution or use of  
11 motor vehicle fuel; ~~((and))~~ (3) Interest on the permanent common  
12 school fund; and (4) Amounts received by the state in repayment of  
13 loans made by the state to local governments for infrastructure  
14 projects: *Provided*, That the legislature shall, at all times, provide  
15 sufficient revenues from such sources to pay the principal and  
16 interest due on all obligations for which said source of revenue is  
17 pledged.

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

25 (i) The legislature shall prescribe all matters relating to the  
26 contracting, funding or refunding of debt pursuant to this section,  
27 including: The purposes for which debt may be contracted; by a  
28 favorable vote of three-fifths of the members elected to each house,  
29 the amount of debt which may be contracted for any class of such  
30 purposes; the kinds of notes, bonds, or other evidences of debt which  
31 may be issued by the state; and the manner by which the treasurer  
32 shall determine and advise the legislature, any appropriate agency,  
33 officer, or instrumentality of the state as to the available debt  
34 capacity within the limitation set forth in this section. The  
35 legislature may delegate to any state officer, agency, or  
36 instrumentality any of its powers relating to the contracting,  
37 funding or refunding of debt pursuant to this section except its  
38 power to determine the amount and purposes for which debt may be  
39 contracted.

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

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

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

22 BE IT FURTHER RESOLVED, That the statement of subject and concise  
23 description for the ballot title of this constitutional amendment  
24 shall read "The legislature has proposed a constitutional amendment  
25 on issuing bonds to help finance local public works projects. This  
26 amendment would enable the state to issue general obligation bonds to  
27 finance loans for local infrastructure. The bonds would be retired by  
28 local repayments and outside the state's debt limit.

29 Should this constitutional amendment be:

30 Approved. . . . .  
31 Rejected. . . . . "

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

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