

# HOUSE BILL REPORT

## HB 1166

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to state general obligation bonds and related accounts.

**Brief Description:** Concerning state general obligation bonds and related accounts.

**Sponsors:** Representatives Dunshee, Gregerson and DeBolt; by request of Governor Inslee.

**Brief History:**

**Committee Activity:**

Capital Budget: 1/20/15, 3/30/15, 3/31/15 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes the State Finance Committee to issue up to \$2.2 billion in general obligation bonds to finance projects in the 2015-17 Capital Budget and to pay issuance and bond sale expenses.
- Decreases by \$122.6 million the general obligation bond issuance amount authorized in the 2013 bond bill to finance projects in the 2011-13 and 2013-15 Capital Budgets.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson, Riccelli and Walsh.

**Staff:** Meg VanSchoorl (786-7105).

**Background:**

The State Finance Committee (Committee), composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds. The Committee periodically issues general obligation bonds to finance

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projects authorized in the capital budget. No bonds may be authorized for sale without prior legislative appropriation of the net proceeds.

General obligation bonds pledge the full faith, credit, and taxing power of the state towards payment of debt service. Funding to pay for principal and interest on those bonds is appropriated from the State General Fund in the operating budget. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments and deposits them into bond retirement funds.

A bond bill authorizes the Committee to issue general obligation bonds up to a specific amount to finance many of the projects in the Capital Budget. It specifies the amount of bonds to be issued, the account or accounts into which bond sale proceeds are to be deposited, and identifies sources and timing of debt service payments. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

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**Summary of Substitute Bill:**

The Committee is authorized to issue up to \$2,209,052,000 in state general obligation bonds to finance projects in the 2015-17 Capital Budget and to pay expenses incurred in the issuance and sale of the bonds. Proceeds from the sale of the bonds must be deposited into the State Building Construction Account. The State Treasurer is required to withdraw from general state revenues the amounts necessary to make the principal and interest payments on the bonds and must deposit these amounts into the Debt Limit General Fund Bond Retirement Account.

The authorization in the 2013 bond bill for the Committee to issue \$2,036,000,000 in general obligation bonds to finance projects in the 2011-13 and 2013-15 Capital Budgets is reduced by \$122,600,000 to \$1,913,396,000.

**Substitute Bill Compared to Original Bill:**

The substitute bill: (1) authorizes issuance of \$2.2 billion, rather than \$2.23 billion, in state general obligation bonds; and (2) reduces by \$122.6 million, rather than \$94 million, the general obligation bond issuance amount authorized in the 2013 bond bill.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) None.

(Opposed) None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.