

HOUSE BILL REPORT

ESSB 5989

As of Second Reading

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

Brief Description: Authorizing bonds for transportation funding.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators King, Hobbs, Fain, Liias and Litzow).

Brief History:

Committee Activity:

None.

Brief Summary of Engrossed Substitute Bill

- Authorizes the issuance of up to \$5.3 billion of general obligation bonds for state transportation projects identified as Connecting Washington projects.
- Pledges the repayment of principal and interest both from fuel taxes and from vehicle-related registration fees, in addition to the full faith and credit of the state.

Staff: Mark Matteson (786-7145).

Background:

Washington periodically issues general obligation (GO) bonds to fund transportation capital projects with a long-term expected life span. General obligation bonds pledge the full faith, credit, and taxing power of the state towards payment of debt service; historically, the legislation authorizing the issuance of transportation GO bonds has also pledged repayment first from motor fuel tax proceeds. 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

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budgets. Article VIII, Section 1(a) of the State Constitution and existing statutes limit the term of state GO bonds to 30 years.

Summary of Bill:

The Committee is authorized to issue \$5.3 billion in state general obligation bonds to finance state transportation projects identified as Connecting Washington projects in any transportation budget. The bonds are backed by the motor fuels taxes, vehicle-related registration fees imposed to license vehicles for highway purposes, and the full faith and credit of the state.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately, except sections 8 through 10, relating to technical adjustments to the bond authorization to address delayed statutory changes to fuel tax terminology, which take effect July 1, 2016.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.