

FINAL BILL REPORT

E2SHB 1080

C 3 L 18
Synopsis as Enacted

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

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Tharinger and DeBolt; by request of Office of Financial Management).

House Committee on Capital Budget

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 projects authorized in the capital budget. Generally, the bond authorization specifies 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.

Summary:

The Committee is authorized to issue up to \$2,930,230,000 in state general obligation bonds to finance projects in the 2017-19 Capital Budget and to pay expenses incurred in the issuance and sale of the bonds. An appropriation is required prior to a bond sale. Proceeds from the sale of the bonds must be deposited into the State Building Construction Account.

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.

The Committee is authorized to issue \$300 million in state general obligation bonds to finance watershed and fisheries restoration and enhancement projects. An appropriation is not required for the bond sale or use of proceeds. It is the legislative intent that the proceeds be dispersed in phases of no more than \$20 million per year over 15 years.

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. Additionally, the authority for the Committee to issue certain bonds authorized in prior biennia expires on June 30, 2018.

Votes on Final Passage:

House	94	2
Senate	47	2

Effective: January 19, 2018