

HOUSE BILL REPORT

HB 2395

As Reported by House Committee On: Capital Budget

Title: An act relating to the capital budget.

Brief Description: Concerning the capital budget.

Sponsors: Representative Tharinger; by request of Office of Financial Management.

Brief History:

Committee Activity:

Capital Budget: 2/22/18, 2/26/18 [DPS].

Brief Summary of Substitute Bill

- Appropriates \$376.8 million in total funds for capital purposes, of which \$208 million is financed through bond proceeds.
- Authorizes \$64.6 million in alternatively financed projects.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Eslick, Kraft, MacEwen, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Steele, Stonier, Volz and Walsh.

Staff: Melissa Palmer (786-7388).

Background:

Washington operates on a biennial budget cycle. During odd-numbered fiscal years, the Legislature historically authorizes expenditures for capital needs in the Omnibus Capital Appropriations Act (Capital Budget) for a two-year period, and authorizes bond sales through passage of a bond bill associated with the Capital Budget to fund a portion of these expenditures. The Capital Budget includes appropriations for the acquisition, construction, and repair of capital assets such as state office buildings, prisons, juvenile rehabilitation

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centers, residential habilitation centers, mental health facilities, military readiness centers, and higher education facilities. The Capital Budget also funds a variety of environmental and natural resource projects, parks, recreational facilities, and public schools.

Historically, over one-half of the Capital Budget is financed by these state-issued general obligation bonds, and the remaining portion is funded by dedicated accounts, trust revenue, and federal funding sources. During even-numbered fiscal years, the Legislature historically enacts a supplemental budget making adjustments to the two-year budget. The Legislature did not authorize a Capital Budget or bond sales during the 2017 Legislative Session. In January 2018, during the 2018 Legislative Session, the Legislature authorized \$2.93 billion in general obligation bonds and appropriated \$4.2 billion in total funds for a 2017-19 biennial Capital Budget, of which \$2.72 billion is financed through general obligation bond proceeds. The current 2017-19 biennium covers the period from July 1, 2017, through June 30, 2019.

Summary of Substitute Bill:

The substitute bill authorizes a 2018 Supplemental Capital Budget including new appropriations totaling \$376.8 million, of which \$208.1 million is financed with state general obligation bonds. It authorizes state agencies to enter into a variety of alternative financing contracts totaling \$64.6 million, and amends provisions in the 2017-19 enacted biennial budget including due dates of reports.

Substitute Bill Compared to Original Bill:

The substitute bill is a 2018 Supplemental Capital Budget, rather than a 2017-19 biennial budget. As a result the appropriations total \$376.8 million, rather than \$4.4 billion. The amount funded with general obligation bonds is \$208.1 million, rather than \$2.85 billion.

Appropriation: The sum of \$376.8 million in total funds.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

Please refer to the February 22, 2018, recordings of the public hearing.

Persons Testifying: (In support) Luke Esser, City of Spokane; Molly Carney, Evergreen Treatment Services; Al Aldrich, City of Arlington; Amber Carter, Port of Vancouver; Mary Alice Grobins, Central Skagit Library; Eron Berg, City of Sedro-Woolley; Marty Hartman, Mary's Place; Brian Sims, Washington State School Directors Association; Jane Wall, Association of Washington Cities; Arlen Harris, State Board for Community and Technical

colleges; Jim Minkler, Grays Harbor College; Peter Lortz, South Seattle College; Jeff Wagnits, Highland College; Doug Levy, Washington Recreation and Park Association; Shawn Collins, Opportunity Council; Alan Walker, Chelan Douglas Community Action Council; and Jeff DeLuca, Washington State Community Action Partnership.

(Other) Allen Miller, North Capitol Campus Heritage Park Development Association; Marie Sullivan, Quinault Indian Nation; and Mara Machulsky, Hoh Indian Tribe.

Persons Signed In To Testify But Not Testifying: None.