

SENATE BILL REPORT

ESSB 5838

As Passed Senate, June 29, 2017

Title: An act relating to the capital construction of and bonding for addressing the facilities maintenance backlog for the state parks and recreation commission.

Brief Description: Concerning the capital construction of and bonding for addressing the facilities maintenance backlog for the state parks and recreation commission.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rossi, Kuderer, Palumbo, Braun, Hunt, Fain, O'Ban, Hawkins, Brown, Sheldon, Rivers, Zeiger, Angel, Bailey, Honeyford, Miloscia, Walsh, Wilson, Becker, Warnick, Mullet and Hobbs).

Brief History:

Committee Activity: Ways & Means: 3/14/17, 3/16/17 [DPS, DNP, w/oRec].

Floor Activity:

Passed Senate: 4/05/17, 36-12.

Third Special Session: Passed Senate: 6/29/17, 41-8.

Brief Summary of Engrossed Substitute Bill

- Establishes a priority for using bonding authority to alleviate a backlog of maintenance needs at State Parks.
- Authorizes the State Finance Committee to issue bonds.
- Anticipates that approximately \$500 million in state bonds will be needed for five consecutive biennia to achieve this goal.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5838 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Bailey, Becker, Conway, Fain, Keiser, Miloscia, Schoesler, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senators Carlyle, Darneille and Hasegawa.

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.

Minority Report: That it be referred without recommendation.

Signed by Senators Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Padden.

Staff: Jed Herman (786-7346)

Background: State Parks and Recreation Commission. State parks have a history of moment-in-time funding to build out new facilities. An example is the build out of many park facilities around the time of the Seattle Worlds Fair, in 1962. The state has not been able to sufficiently maintain these facilities. Some facilities are heavily used such as restrooms and outdoor day-use shelters. With an average of 33 million visitors per year, many facilities are in need of repair or replacement.

Deferred maintenance projects span the state and include such items as fixing septic systems to keep park bathrooms functional; fixing electrical and sewage hook-up stations for public recreational vehicle use; and updating numerous facilities to ensure the public's ability to continue to use the park.

The State Parks and Recreation Commission estimates there is a \$500 million backlog of deferred maintenance on existing facilities. The estimate is the result of an agency review of existing facilities and identifying those upgrades that are necessary to maintain access to recreation for the public.

There are 125 developed State Parks, totaling 125,000 acres.

State Finance Committee (Committee). The 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. 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 toward 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.

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 of Engrossed Substitute Bill: The State Finance Committee is authorized to issue \$500 million in bonds to address the state parks maintenance backlog.

The projects are funded over five biennia: 2017-19, 2019-21, 2021-23, 2023-25, and 2025-27. The increased fiscal impact will come in reserving future biennial funds in the form of a bond issuance that dedicates these funds to addressing the issue.

The bonds are issued within the existing debt limit. Each budget cycle capital budget writers would approve projects to address the backlog over the next five biennia.

Proceeds from the bonds must be deposited in the newly created Daniel J. and Nancy Evans State Parks Preservation account.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: State Parks is a \$1.4 billion economic engine in our economy and serves 33 million visitors a year. I want to take Park facilities up to a "B" level from a current "D" level. I asked back in the '90s for a proviso to help with this issue, and the issue has grown. This bill will be a historic investment— appreciate the support. Parks has over 2700 structures that need help; what we do helps our economy. Some of the best State Parks are through our partnership. We are supportive of having the bill not lead to new land acquisitions. As a volunteer, this bill means more to us than you could ever know. The bill is needed as it provides predictability. State Parks need to be brought back to life, this bill does that. We are strongly in favor, the public expects this and needs it.

OTHER: This is an unprecedented bill to fix State Parks. These funds will raise our facilities grade to a solid "B".

Persons Testifying: PRO: Senator Dino Rossi, Prime Sponsor; Jim King, Citizens for Parks and Recreation; Stetson Palmer, Friends of Schafer and Lake Sylvia State Parks (FOSLS); Trina Young, Friends of Schafer and Lake Sylvia State Parks (FOSLS); Helen Hepp, Friends of Schafer and Lake Sylvia State Parks (FOSLS); Alia Griffing, WA Federation of State Employees and WA State Parks Foundation; Brian Yearout, WA Federation of State Employees; John Floberg, WA State Parks Foundation; Bill Clarke, Trust For Public Land.

OTHER: Mark Brown, Chair, WA State Parks and Recreation Commission; Peter Herzog, Assistant Director, WA State Parks and Recreation Commission.

Persons Signed In To Testify But Not Testifying: No one.