

SENATE BILL REPORT

SB 5133

As Reported by Senate Committee On:
Ways & Means, April 1, 2019

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

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

Sponsors: Senators Frockt, Honeyford and Sheldon; by request of Office of Financial Management.

Brief History:

Committee Activity: Ways & Means: 1/17/19, 3/27/19, 4/01/19 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Authorizes the State Finance Committee to issue up to \$3,060,549,000 in general obligation bonds to finance projects in the 2019-21 capital budget, and to pay issuance and bond sale expenses.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5133 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Billig, Carlyle, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen, Van De Wege and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Becker, Schoesler and Wagoner.

Staff: Richard Ramsey (786-7412)

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

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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. 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 of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): The committee is authorized to issue up to \$3,060,549,000 in state general obligation bonds to finance projects in the 2019-21 capital budget, and to pay expenses incurred by issuing and selling bonds. Proceeds from the bond sales must be deposited into the State Building Construction Account. The state treasurer must withdraw the amounts necessary from general state revenues and then make the principal and interest payments on the bonds, before depositing these amounts into the Debt Limit General Fund Bond Retirement Account.

Appropriation: None.

Fiscal Note: Not requested.

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

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

Staff Summary of Public Testimony on Original Bill: Please refer to the January 17, 2019 recording of the public hearing on the Senate AV Capture All website at: <http://leg.wa.gov/Senate/Committees/Pages/avcaaudio.aspx/>.

Persons Testifying: No one.

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

Staff Summary of Public Testimony on Proposed Substitute: Please refer to the March 27, 2019 recording of the public hearing on the Senate AV Capture All website at: <http://leg.wa.gov/Senate/Committees/Pages/avcaaudio.aspx/>.

Persons Testifying: No one.

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