

SENATE BILL REPORT

SB 5537

As of February 27, 2019

Title: An act relating to expanding community-based behavioral health facilities through issuance of state bonds.

Brief Description: Expanding community-based behavioral health facilities through issuance of state bonds.

Sponsors: Senators Braun, Keiser, Darneille, Palumbo, Frockt, Rolfes, Conway, Becker, Brown, Wagoner, Warnick, Honeyford, Cleveland, Dhingra, O'Ban and Zeiger.

Brief History:

Committee Activity: Ways & Means: 2/21/19.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue up to \$500 million in general obligation bonds to finance community-based mental health facilities.
- Directs the secretary of state to submit the bond authorization to a vote of the people.

SENATE COMMITTEE ON WAYS & MEANS

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 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.

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.

Article VIII, Section 1 of the State Constitution establishes a state debt limit. The Treasurer may not issue bonds that would cause debt service to exceed 8.25 percent of general state revenue. Article VIII, Section 3 of the State Constitution authorizes the issuance of debt outside of the debt limit subject to a vote of the people via referendum. Recent bond authorizations via referenda include:

- Motor Vehicle Fuel Tax, Referendum 49—1998—\$1.9 billion;
- Stadium and Exhibition Center Authorization—1997—\$300 million;
- Waste Disposal Facilities—1980—\$450 million;
- Handicapped Facilities—1979—\$25 million; and
- Public Water Supply Facilities—1979—\$125 million.

A bond bill authorizes the committee to issue general obligation bonds up to a specific amount to finance 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.

Summary of Bill: The committee is authorized to issue up to \$500 million in state general obligation bonds to finance community-based mental health facilities and to pay expenses incurred in the issuance and sale of the bonds. Proceeds from the sale of the bonds must be deposited into the Community Behavioral Health Bond Account or the Community Behavioral Health Taxable Bond Account. The state treasurer must 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.

The committee will issue the bonds outside of the debt limit in Article VIII, Section 1 of the State Constitution, subject to approval by the voters via referendum. The state treasurer must 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 Non Debt-Limit General Fund Bond Retirement Account.

The secretary of state must submit the bond authorization to the people, for their adoption or rejection, at the next general election to be held in the state. The ballot title shall read: "The Legislature has passed Senate Bill 5537, concerning community-based mental health facilities throughout the state. This bill would authorize bonds to expand community-based mental health facilities to serve and treat adults and children with behavioral health disorders."

Bond proceeds must be used for community-based behavioral health facilities for adults or children, including, but not limited to, evaluation and treatment centers, crisis triage and stabilization centers, less restrictive alternative step-down beds, enhanced service facilities, detoxification centers, transitional and long-term housing, and residential treatment centers.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: Thirty days after the next general election, November 5, 2019.

Staff Summary of Public Testimony: *The committee recommended a different version of the bill than what was heard.* PRO: The Legislature has been wrestling with the behavioral health crisis from the beginning of session and I think we're going to all be wrestling with the crisis for a considerable time. When you look at the Governor's proposed ten-year plan to address that crisis and the changes that the Legislature will likely make to that plan I believe you're going to be pinched on your debt capacity midway through the 10 years. The public understands this crisis and I believe the public would support the referendum to authorize these bonds as a step forward in addressing the crisis.

This bond authorization is an innovative and important mechanism for ensuing future investment in community capacity. Clients feel their experiences at Western State Hospital (WSH) are traumatic and that they do not receive the care they need. An evaluation and treatment center is a more healing environment and patients receive the personalized care they need. Family members have witnessed patient mistreatment at WSH that was more traumatic than the PTSD for which the patient was admitted. Staff at our evaluation and treatment center are confident patients receive therapeutic care; where at WSH patients are unmonitored. E&T centers can develop a treatment plan that is personal, effective and involves the families.

Persons Testifying: PRO: Senator John Braun, Prime Sponsor; LEN MC COMB, COMMUNITY HEALTH NETWORK OF WASHINGTON ; WASHINGTON STATE HOSPITAL ASSOCIATION; Richard Stride, Cascade Mental Health/CEO; Michael Hatchett, WA Council for Behavioral Health.

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