
Capital Budget Committee

HB 1148

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

Sponsors: Representatives Tharinger, Callan and Wylie; by request of Office of Financial Management.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue up to \$3.98 billion in general obligation bonds to finance capital projects and up to \$895 million to finance the construction of a new forensic hospital at Western State Hospital, for a total of \$4.88 billion in bonds.
- Expires three unissued remaining bond authorizations.

Hearing Date: 1/12/23

Staff: Kelci Karl-Robinson (786-7116).

Background:

The State Finance Committee (SFC), 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 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

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bond retirement accounts.

A bond bill authorizes the SFC 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 the 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 SFC is authorized to issue up to \$3.9 billion in state general obligation bonds to finance projects in the 2021-23 and 2023-25 Capital Budgets and to pay expenses incurred in the issuance and sale of the bonds. In addition, the Committee is authorized to issue up to \$895 million in state general obligation bonds to finance the construction of a new forensic hospital at Western State Hospital.

Proceeds from the sale of the bonds must be deposited into the State Building Construction Account. The State Treasurer is authorized to transfer bond proceeds into the State Taxable Construction Account and to other accounts in order to support authorized expenditures from those accounts. 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.

The remaining unissued bond authorizations from the Chehalis Flood Hazard, authorized in 2008; the Skills Center facilities, authorized in 2008; and the School Construction Assistance Program, authorized in 2009, will expire on June 30, 2024.

Appropriation: None.

Fiscal Note: Not requested.

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