

SENATE BILL REPORT

ESHB 1148

As Passed Senate, April 22, 2023

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

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

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Tharinger, Callan and Wylie; by request of Office of Financial Management).

Brief History: Passed House: 4/21/23, 96-0.

Committee Activity:

Floor Activity: Passed Senate: 4/22/23, 48-0.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue up to \$4,186,076,000 in general obligation bonds to finance projects in the 2021-23, 2023-25 and future fiscal biennia and to pay issuance and bond sale expenses.
- Expires on June 30, 2025, three unissued remaining bond authorizations from Chehalis Flood Hazard—authorized in 2008; Skill Center facilities—authorized in 2008; and School Construction Assistance Program—authorized in 2009.
- Adjusts for the difference between bonds authorized and the amount of appropriations actually expended as a reversion.

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

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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 committee is authorized to issue up to \$4,186,076,000 in state general obligation bonds to finance projects in the 2021-23, 2023-25, and future biennia operating and capital budgets and to pay issuance and bond sale expenses.

The remaining unissued bond authorizations from the Chehalis Flood Hazard—authorized in 2008; Skill Center facilities—authorized in 2008; and School Construction Assistance Program—authorized in 2009—will expire on June 30, 2025.

The difference between the amount of bonds authorized and the amount of appropriations actually expended had not been reflected in the calculation of available debt capacity under the state debt limit, and has resulted in an understatement of available debt capacity to the state. The Legislature intends to address this understatement by making a one-time adjustment of \$400 million.

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.