

SENATE BILL REPORT

HB 1113

As Reported by Senate Committee On:
Ways & Means, February 03, 2009

Title: An act relating to financing the school construction assistance grant program.

Brief Description: Financing the school construction assistance grant program.

Sponsors: Representatives Driscoll, Warnick, Dunshee, Probst, Carlyle, Wallace, White, Chase, Ormsby, Seaquist, Simpson, Goodman, Wood, Sullivan, Maxwell, Orwall, Hinkle and Santos.

Brief History: Passed House: 1/28/09, 97-0.

Committee Activity: Ways & Means: 2/03/09 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Brandland, Carrell, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Parlette, Regala, Rockefeller and Schoesler.

Staff: Brian Sims (786-7431)

Background: Bond Authorization. Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state toward payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate. The State Finance Committee, comprised of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds. The authorized bond amount includes an additional amount above what is needed to support the appropriation to allow for original issuance discount on the bonds and for cost of issuance.

School Construction Assistance Grant Program. The School Construction Assistance Grant Program (Grant Program) provides funding for limited facility planning and matching funds for school construction and renovations. Three factors determine the amount of state assistance a district may receive through the Grant Program, including: (1) the square footage of instructional space for which the state will provide matching funds (eligible area);

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(2) the cost per square foot the state will match (area cost allowance); and (3) the matching ratio which relates to equalizing the school districts' wealth by providing a greater percentage of state matching funds to economically disadvantaged districts. There are several fund sources used for the Grant Program: state bonds, and several cash accounts that include annual reversions from general fund-state appropriations, revenues from trust lands, and a portion of the lottery.

Summary of Bill: The State Finance Committee is authorized to issue \$133 million in state general obligation bonds for the School Construction Assistance Grant Program. The State Treasurer must withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds authorized in the bill and to deposit these amounts into the Debt-Limit General Fund Bond Retirement Account.

The 2009-2011 biennial appropriation to the Office of the Superintendent Public Instruction for the School Construction Assistance Grant Program is increased by \$130 million from State Building Construction Account (bonds) and decreased by the same amount from the Common School Construction Account. The increase in the appropriation of bonds is required because the cash accounts do not have enough money to support a faster rate of billing for projects than was assumed in the current appropriation.

Appropriation: \$130 million increase in the State Building Construction Account and \$130 million decrease in the Common School Construction Account. The total appropriation remains the same.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Unless we have early action on this proposed substitute budget, we may have to slow school construction projects down.

Persons Testifying: PRO: Jennifer Priddy, Office of Superintendent of Public Instruction.