

# HOUSE BILL REPORT

## HB 1088

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### As Reported by House Committee On: Capital Budget

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

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

**Sponsors:** Representatives Dunshee and Warnick; by request of Governor Gregoire.

**Brief History:**

**Committee Activity:**

Capital Budget: 1/28/13, 4/12/13 [DPS].

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Authorizes the issuance of general obligation bonds to support appropriations in the 2013 Supplemental and 2013-15 Capital Budget.</li></ul>
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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Dunshee, Chair; Stanford, Vice Chair; Warnick, Ranking Minority Member; Hawkins, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton, Fey, Riccelli, Scott, Smith and Stonier.

**Staff:** Susan Howson (786-7142)

**Background:**

Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith, credit, and taxing power of the state towards 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.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt

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service payments are due, the State Treasurer (Treasurer) withdraws the amounts necessary to make the payments from the State General Fund and deposits them into bond retirement funds.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

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**Summary of Substitute Bill:**

The State Finance Committee is authorized to issue \$1,704,803,000 in state general obligation bonds to finance projects in the 2013 Supplemental and 2013-15 Capital Budget. The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the Debt Limit General Fund Bond Retirement Account.

If the State Finance Committee deems it necessary to issue Columbia River Basin bonds authorized in 2006 as taxable bonds, the proceeds must be transferred to the Columbia River Basin Taxable Bond Water Supply Development Account, rather than the State Taxable Building Construction Account.

**Substitute Bill Compared to Original Bill:**

The substitute bill increases the bond authorization by \$6.3 million from Governor Gregoire's proposal.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) Over the last four years, the Legislature has taken \$2 billion out of the capital budget and transferred it to the operating budget. This is occurring at the same time as the state is losing architects and construction workers at a record rate. It is time that the trend is reversed. There needs to be adequate funding for pre-design and design projects to keep the project pipeline moving forward. The bond bill is necessary to support the overall capital budget.

(Opposed) None.

**Persons Testifying:** Stan Bowman, American Institute of Architects Washington Council; Darrell Wallace, Back Country Horsemen of Washington.

**Persons Signed In To Testify But Not Testifying:** Gordon Beck, Office of the Superintendent of Public Instruction; Bill Robinson, The Nature Conservancy; David Ortman, Friends of Bumping Lake; and Elaine Packard, Sierra Club.