

SENATE BILL REPORT

SB 5068

As Passed Senate, January 17, 1996

Title: An act relating to limits on executory conditional sales contracts entered into by local governments.

Brief Description: Setting limits on executory conditional sales contracts entered into by local governments.

Sponsors: Senators Sheldon and Haugen.

Brief History:

Committee Activity: Government Operations: 1/24/95, 1/31/95 [DP]; 1/11/96 [DP].
Passed Senate, 1/17/96, 37-5.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, Heavey, McCaslin and Winsley.

Staff: Rod McAulay (786-7754)

Background: There are statutory limits on the amount of debt a local government may incur without voter approval. These limits are based upon a percentage of the value of taxable property in the district. In 1994, the Legislature increased this limit for bonded indebtedness for cities, towns and counties from three-fourths of 1 percent to 1 and 1/2 percent.

A separate statute which authorizes cities, towns and counties to execute executory conditional sales contracts without voter approval if the contract does not increase the total indebtedness above three-quarters of one percent of the value of taxable property in the jurisdiction was not amended.

Because cities, towns and counties incur debt both through the issuance of bonds and by executing executory conditional sales contracts, it is proposed that the statute regulating contracts be amended to mirror the statute regulating bonds.

Summary of Bill: Cities, towns and counties may execute executory conditional sales contracts without voter approval if the contract does not increase their total indebtedness above 1 and 1/2 percent of the value of the taxable property in the jurisdiction.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.