

SENATE BILL REPORT

SB 5364

As Reported By Senate Committee On:
Transportation, May 22, 1995

Title: An act relating to transportation bonds.

Brief Description: Authorizing bonds for transportation projects.

Sponsors: Senator Owen; by request of Office of Financial Management.

Brief History:

Committee Activity: Transportation: 5/22/95 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5364 be substituted therefor, and the substitute bill do pass.

Signed by Senators Owen, Chair; Fairley, Haugen, Kohl, Morton, Prentice, Prince, Rasmussen and Wood.

Staff: Eugene Schlatter (786-7316)

Background: The 1994 Legislature approved a \$25.0 million general obligation bond authorization to support the public-private transportation initiatives program. The bond proceeds were to be deposited in the transportation fund and debt was to be paid for from the transportation fund.

Concerns have been expressed that debt supported by the transportation fund is subject to both state and constitutional debt limits which are already at or near their maximum allowable levels. Therefore, it has been recommended that the debt incurred to support the public-private initiatives program be supported by the motor vehicle fund instead of the transportation fund since the motor vehicle fund is not subject to constitutional and state debt limits.

During the 1993-95 biennial period, there were unexpected cost increases in the public-private initiatives program that totalled about \$2.2 million. The Legislative Transportation Committee approved a loan from the Category C construction program to the public-private initiatives program with the understanding that this loan would be repaid from public-private initiatives bond proceeds.

Summary of Substitute Bill: The bond issue supporting the public-private initiatives program is supported by the motor vehicle fund instead of the transportation fund in order to avoid the state and constitutional debt ceiling problems.

The bond authorization is increased by \$625,000 to cover the cost of selling the bonds.

A provision is made to reimburse the loan provided by the construction program contained within the Department of Transportation for \$2.2 million for costs incurred by the public-private program in 1993-95 that were not anticipated.

Bond proceeds may be used for incidental costs normally associated with transportation construction projects.

Substitute Bill Compared to Original Bill: The original bill amended sections 2, 3, 4, 5, 6, 7 and 9 of RCW 47.10. The original bill repealed section 8.

The substitute bill amends sections 1, 2, 4, 5, 6, 7 and 9 of RCW 47.10 and repeals section 8.

The original bill did not contain an intent section. The substitute bill identifies the amount of the loan (\$2.2 million) in the intent section which may be used for highway improvement projects. This effectively pays back the construction program.

The substitute bill provides for recovery of incidental costs incurred by the Department of Transportation on behalf of the public-private initiatives program through bond proceeds.

The substitute bill clarifies that bond debt is to be retired from the highway bond retirement fund. The original bill retired debt from the transportation bond fund.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.