
HOUSE BILL 1499

State of Washington

54th Legislature

1995 Regular Session

By Representatives Hargrove, Pelesky, Casada, Cairnes, Goldsmith, Hymes, D. Schmidt, Silver, Clements, Brumsickle, Horn, McMorris, Delvin, Mulliken, Padden, Huff, Elliot, Romero, Thompson and Quall

Read first time 01/27/95. Referred to Committee on Capital Budget.

1 AN ACT Relating to limiting the debt service on outstanding state
2 debt; amending RCW 39.42.060; making an appropriation; providing an
3 effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 39.42.060 and 1993 c 52 s 1 are each amended to read
6 as follows:

7 No bonds, notes, or other evidences of indebtedness for borrowed
8 money shall be issued by the state which will cause the aggregate debt
9 contracted by the state to exceed that amount for which payments of
10 principal and interest in any fiscal year would require the state to
11 expend more than (~~seven percent of the arithmetic mean of its general~~
12 ~~state revenues, as defined in~~) the amount expended in the previous
13 fiscal year plus an increase not to exceed the fiscal growth factor
14 under RCW 43.135.025, subject to the limit under section 1(c) of
15 Article VIII of the Washington state Constitution (~~for the three~~
16 ~~immediately preceding fiscal years as certified by the treasurer in~~
17 ~~accordance with RCW 39.42.070)). It shall be the duty of the state
18 finance committee to compute annually the amount required to pay
19 principal of and interest on outstanding debt. In making such~~

1 computation, the state finance committee shall include all borrowed
2 money represented by bonds, notes, or other evidences of indebtedness
3 which are secured by the full faith and credit of the state or are
4 required to be paid, directly or indirectly, from general state
5 revenues and which are incurred by the state, any department,
6 authority, public corporation or quasi public corporation of the state,
7 any state university or college, or any other public agency created by
8 the state but not by counties, cities, towns, school districts, or
9 other municipal corporations, and shall include debt incurred pursuant
10 to section 3 of Article VIII of the Washington state Constitution, but
11 shall exclude the following:

12 (1) Obligations for the payment of current expenses of state
13 government;

14 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

15 (3) Principal of and interest on bond anticipation notes;

16 (4) Any indebtedness which has been refunded;

17 (5) Financing contracts entered into under chapter 39.94 RCW;

18 (6) Indebtedness authorized or incurred before July 1, 1993,
19 pursuant to statute which requires that the state treasury be
20 reimbursed, in the amount of the principal of and the interest on such
21 indebtedness, from money other than general state revenues or from the
22 special excise tax imposed pursuant to chapter 67.40 RCW;

23 (7) Indebtedness authorized and incurred after July 1, 1993,
24 pursuant to statute that requires that the state treasury be
25 reimbursed, in the amount of the principal of and the interest on such
26 indebtedness, from (a) moneys outside the state treasury, except higher
27 education operating fees, (b) higher education building fees, (c)
28 indirect costs recovered from federal grants and contracts, and (d)
29 fees and charges associated with hospitals operated or managed by
30 institutions of higher education; and

31 (8) Any agreement, promissory note, or other instrument entered
32 into by the state finance committee under RCW 39.42.030 in connection
33 with its acquisition of bond insurance, letters of credit, or other
34 credit support instruments for the purpose of guaranteeing the payment
35 or enhancing the marketability, or both, of any state bonds, notes, or
36 other evidence of indebtedness.

37 To the extent necessary because of the constitutional or statutory
38 debt limitation, priorities with respect to the issuance or

1 guaranteeing of bonds, notes, or other evidences of indebtedness by the
2 state shall be determined by the state finance committee.

3 NEW SECTION. **Sec. 2.** The sum of five hundred million dollars is
4 appropriated for the biennium ending June 30, 1995, from the general
5 fund to the custody of the state treasurer for the purpose of reducing
6 debt service by purchasing on the open market outstanding state general
7 obligation bonds selected by the state treasurer, including
8 administrative expenses associated with this transaction.

9 NEW SECTION. **Sec. 3.** (1) Section 1 of this act shall take effect
10 July 1, 1997.

11 (2) Section 2 of this act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and shall take
14 effect immediately.

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