

SENATE BILL REPORT

SB 6898

As Reported By Senate Committee On:
Ways & Means, February 16, 2006

Title: An act relating to authorizing state general obligation bonds for correctional facilities and the Columbia river basin water supply development program.

Brief Description: Authorizing the issuance of general obligation bonds.

Sponsors: Senators Fraser, Brandland, Prentice and Zarelli.

Brief History:

Committee Activity: Ways & Means: 2/16/06 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6898 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Brian Sims (786-7431)

Background: The state of 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 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 service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the State General Fund and deposits them into the bond retirement funds.

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

Summary of Substitute Bill: The State Finance Committee is authorized to issue state general obligation bonds to finance two specific purposes.

Authority is provided for \$50 million of bonds to expand prison capacity. Authority is provided for \$200 million for the Columbia River Basin Water Supply Development Program created in Second Substitute Senate Bill 6581. If the bill is not enacted by June 30, 2006, the bond authority lapses.

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 Bond Retirement Account.

Substitute Bill Compared to Original Bill: Makes technical corrections as requested by the Office of the State Treasurer and corrects a reference to a bill.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: None.

Testimony Against: None.

Who Testified: No one.