

SENATE BILL REPORT

SB 5537

As of February 26, 2009

Title: An act relating to having one debt limit by eliminating the statutory debt limit.

Brief Description: Eliminating the statutory debt limit.

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

Brief History:

Committee Activity: Ways & Means: 2/02/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Brian Sims (786-7431)

Background: The level of debt incurred by the State of Washington is constrained by constitutional and statutory limitations on annual debt service payments. The state constitution limits aggregate debt so that annual debt service payments for general obligation bonds do not exceed 9 percent of the average annual amount of general revenue received in the prior three fiscal years. State law limits debt so that debt service payments do not exceed 7 percent of the three-year average amount of revenue that includes general revenue plus property tax and lottery receipts. Property tax and lottery receipts do not meet the definition of general revenue under the constitution because they are designated for specific purposes. Because of the different definitions of revenue, the 9 percent constitutional limit currently allows for less borrowing than the 7 percent statutory debt limit.

Summary of Bill: The bill repeals the statutory debt limit and strikes references to it throughout the RCWs. The repeal of the statutory debt limit would not affect the potential level of borrowing because the constitutional debt limit is more constraining than the statutory debt limit.

Appropriation: None.

Fiscal Note: Available. No Fiscal Impact.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: None.

Persons Testifying: No one.