

# SENATE BILL REPORT

## EHB 2873

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As Reported By Senate Committee On:  
State & Local Government, February 24, 2000

**Title:** An act relating to increasing a city or town debt limit for purposes of financing capital facilities associated with economic development.

**Brief Description:** Increasing local government debt limits to finance capital facilities.

**Sponsors:** Representatives Parlette, Scott, Mulliken and Kessler.

**Brief History:**

**Committee Activity:** State & Local Government: 2/21/2000, 2/24/2000 [DPA].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass as amended.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Hale, Haugen, Horn, Kline and McCaslin.

**Staff:** Eugene Green (786-7405)

**Background:** The amount that a city or town can borrow using general obligation debt and the purposes for which it can borrow are ruled by both statute and the state Constitution. A city's debt limits or debt capacity are subject to two sets of restrictions. First, under the statutory and constitutional provisions, debt limits set the maximum amount of general obligation debt that a city can have outstanding at any one time. Second, debt limits restrict how much of this capacity can be used for various purposes. Statutorily, a city or town's debt limit is as follows: 2 and 1/2 percent for providing general governing purposes (voted and nonvoted); 2 and 1/2 percent for provision of municipally-owned water, sewer, or electric facilities (voted); and 2 and 1/2 percent for providing open space and parks (voted).

**Summary of Amended Bill:** The use of the 2 and 1/2 percent voter approved indebtedness for cities and towns to provide open space and park facilities is expanded to include capital facilities associated with economic development.

**Amended Bill Compared to Original Bill:** The striking amendment applies to all cities (as did SB 6748) rather than just the city of Leavenworth. The emergency clause is deleted.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill is especially important to the city of Leavenworth. It is trying to convert an old fruit warehouse into a conference/convention center. The bill does not increase debt capacity. There are concerns about limiting the authorization to just the city of Leavenworth.

**Testimony Against:** None.

**Testified:** PRO: Representative Parlette, prime sponsor; Ron Rosenbloom, AWC.