

VETO MESSAGE ON ESB 6074

April 23, 2012

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 1020, 3017, 6001(5)(b), and 6002, Engrossed Senate Bill 6074 entitled:

"AN ACT Relating to funding capital projects."

Section 1020, pages 16-18, Office of Financial Management, Loan Program Consolidation Board

This proviso creates a loan program consolidation board to recommend a plan to consolidate under a single financing authority all existing state lending programs, including infrastructure and student loan programs. There have been five prior studies reviewing consolidation of infrastructure programs within the last six years. The most recent study was completed by the Public Works Board following the 2011 legislative session and provides ample information for a potential consolidation. Additionally, I do not believe it is appropriate for student loan programs to be comingled with infrastructure programs targeted to local governments and community groups. The Student Achievement Council is tasked to convene a work group on the higher education loan program and can better focus on reforming that program to meet the needs of today's students. For these reasons, I have vetoed Section 1020.

Section 3017, page 36, and Section 6001(5)(b), page 55, State Parks and Recreation Commission, Lake Sammamish Concession and Event Facility

The State Parks and Recreation Commission is provided \$1 million in general obligation bonds and authorization to enter into a certificate of participation financing contract for \$2.1 million to build a concession and event facility at Lake Sammamish. It is not anticipated that the revenue initially generated by the event center will be adequate to cover the associated debt and operating costs. Additionally, other revenue generated by the State Parks and Recreation Commission is not stable enough to cover these costs if facility revenues are inadequate. For these reasons, I have vetoed Section 3017 and Section 6001(5)(b), but I encourage the commission to resubmit this project for consideration for the next supplemental capital budget if the revenue outlook improves.

Section 6002, pages 55-56, Department of Commerce

The Department of Commerce is directed to work with stakeholders to develop recommendations for a competitive grant program to assist zoos, aquariums, and technology and science centers in acquiring, constructing, or rehabilitating their facilities. A funding mechanism for these organizations was the subject of legislation that failed to pass this session.

For this reason, I have vetoed Section 6002, but I encourage the organizations to continue to work with legislators, rather than the department, to address their concerns with developing a capital funding program for their facility needs.

Although I am approving the remainder of the capital budget, I am concerned about the long-term implications of over-appropriating the State and Local Toxics Control Accounts, the Aquatic Lands Enhancement Account, and other natural resource accounts in both the capital and operating budgets. I have directed the Office of Financial Management to work with the Department of Ecology and the Recreation and Conservation Office to develop a plan to manage these accounts to prevent a cash deficit. However, there is a risk that lower revenue collections or accelerated project costs could create the need to suspend projects to balance the accounts. While I value the economic activity and jobs that are created in the capital budget, I ask the Legislature to return to budgeting practices that result in sustainable capital plans with positive fund balances.

With the exception of Sections 1020, 3017, 6001(5)(b), and 6002, Engrossed Senate Bill 6074 is approved.

Respectfully submitted,
Christine Gregoire
Governor