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**SENATE BILL 5981**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senator Braun

AN ACT Relating to limitations on state debt; and amending RCW 39.42.140.

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

**Sec.**  RCW 39.42.140 and 2011 1st sp.s. c 46 s 3 are each amended to read as follows:

(1) The state ((~~finance committee~~)) treasurer's office must ((~~recommend~~)) calculate a working debt limit for purposes of budget development for various purpose capital bond appropriations. Nothing in this section shall in any manner affect the validity of indebtedness incurred in compliance with the provisions of Article VIII, section 1 of the state Constitution. The working debt limit must be updated periodically following forecasts of the economic and revenue forecast council. The governor and legislature must develop capital bond budgets within the most recent ((~~recommended working~~)) debt limit. The working debt limit must be lower than the state constitutional debt limit in order to reserve capacity under the constitutional limit for emergencies and economic uncertainties. ((~~In order to begin to accomplish the objectives of stabilizing debt capacity and reducing the debt service burden on the operating budget, the state finance committee must recommend working debt limits of~~)) The working debt limit must be the lower of subsection (2) of this section, or subsection (3) of this section.

(2) The working debt service limits must be calculated using the provisions and definitions of Article VIII, section 1 of the state Constitution, provided that for purposes of this section only, the applicable percentage limit must be eight ((~~and one-half~~)) percent from July 1, 2015, to and including ((~~June 30, 2017; eight and one-quarter percent from July 1, 2017, to and including June 30, 2019; eight percent from July 1, 2019, to and including~~)) June 30, 2021; seven and three-quarters percent from July 1, 2021, and thereafter. ((~~The state finance committee may recommend modified working debt limits in response to extraordinary economic conditions. The state finance committee is authorized to reduce or delay the issuance of bonds if an issuance would result in exceeding the recommended working debt limit.~~))

(3) The limit on new bond appropriations in a biennial capital budget is five percent of the near general fund appropriation for the omnibus operating budget, adjusted for any net reduction in near general fund supplemental operating budgets enacted in the prior biennium. The limit on new bond appropriations in a supplemental capital budget is five percent of any near general fund appropriation increase in the supplemental omnibus operating budget plus any amount from the biennial bond appropriation limit that was unused in the enacted biennial capital budget. For purposes of this subsection, the limit on new bond appropriations must include within the limit debt that is outside the constitutional debt limit for which the debt service is paid for with appropriated funds.

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