

HOUSE BILL REPORT

E2SHB 1080

As Passed House:
January 18, 2018

Title: An act relating to state general obligation bonds and related accounts.

Brief Description: Concerning state general obligation bonds and related accounts.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Tharinger and DeBolt; by request of Office of Financial Management).

Brief History:

Committee Activity:

Capital Budget: 1/13/17, 4/7/17 [DPS], 1/9/18 [DP2S].

Floor Activity:

Passed House: 1/18/18, 94-2.

Brief Summary of Engrossed Second Substitute Bill

- Authorizes the State Finance Committee to issue up to \$2.93 billion in general obligation bonds to finance projects in the 2017-19 Capital Budget.
- Adds a June 30, 2018, expiration date to several bond authorizations that remain unissued.
- Authorized the State Finance Committee to issue upto \$300 million in general obligation bonds to finance watershed and fisheries restoration and enhancement projects.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 14 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Eslick, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Stonier and Walsh.

Minority Report: Do not pass. Signed by 4 members: Representatives Dye, Kraft, Steele and Volz.

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.

Minority Report: Without recommendation. Signed by 1 member: Representative MacEwen.

Staff: Melissa Palmer (786-7388).

Background:

The State Finance Committee (Committee), composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds. The Committee periodically issues general obligation bonds to finance projects authorized in the capital budget. No bonds may be authorized for sale without prior legislative appropriation of the net proceeds. General obligation bonds pledge the full faith, credit, and taxing power of the state towards payment of debt service. Funding to pay for principal and interest on those bonds is appropriated from the State General Fund in the operating budget. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments and deposits them into bond retirement funds.

A bond bill authorizes the Committee to issue general obligation bonds up to a specific amount to finance many of the projects in the capital budget. It specifies the amount of bonds to be issued, the account or accounts into which bond sale proceeds are to be deposited, and identifies sources and timing of debt service payments. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Summary of Engrossed Second Substitute Bill:

The Committee is authorized to issue up to \$2,930,230,000 in state general obligation bonds to finance projects in the 2017-19 Capital Budget and to pay expenses incurred in the issuance and sale of the bonds. Proceeds from the sale of the bonds must be deposited into the State Building Construction Account.

The Committee is authorized to issue up to \$300 million in state general obligation bonds to finance watershed and fisheries restoration and enhancement projects. An appropriation is not required for the bond sale or use of proceeds. It is the legislative intent that the proceeds be dispersed in phases of no more than \$20 million per year over 15 years.

The State Treasurer is required to withdraw from general state revenues the amounts necessary to make the principal and interest payments on the bonds and must deposit these amounts into the Debt Limit General Fund Bond Retirement Account. Additionally, the authority for the Committee to issue certain bonds authorized in prior biennia expires on June 30, 2018.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

See House Bill Report in the 2017 Legislative Session.

Persons Testifying:

See House Bill Report in the 2017 Legislative Session.

Persons Signed In To Testify But Not Testifying: None.