

# SENATE BILL REPORT

## E2SHB 1080

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As of Second Reading

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

**Committee Activity:**

### Brief Summary of Engrossed Second Substitute Bill

- Authorizes the State Finance Committee (Committee) to issue up to \$2,930,230,000 in general obligation bonds to finance projects in the 2017-19 Capital Budget, and to pay issuance and bond sale expenses.
- Authorizes the Committee to issue up to \$300 million in general obligation bonds over fifteen years, beginning in the 2017-19 biennium, to finance watershed restoration and enhancement projects.
- Deletes prior bond authorizations.

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**Staff:** Richard Ramsey (786-7412)

**Background:** The 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 toward 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

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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 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 state treasurer must 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.

The Committee is authorized to issue up to \$300 million in state general obligation bonds to finance watershed and fisheries restoration and enhancement projects over fifteen years, beginning in the 2017-19 biennium. Proceeds from the sale of the bonds must be deposited into the Watershed Restoration and Enhancement Bond Account or the Watershed Restoration and Enhancement Taxable Bond Account. The state treasurer must 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.

Bond authority in statute, for which there is no more appropriation authority, are repealed. These include:

- chapter 14, Laws of 1989 1st ex sess.—1989-91 Biennium;
- chapter 18, Laws of 2003 1st sp sess.—Gardener-Evans;
- section 101, chapter 167, Laws of 2006—Correctional Facilities; and
- section 301, chapter 167, Laws of 2006—Hood Canal aquatic rehabilitation program.

**Appropriation:** None

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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