

SENATE BILL REPORT

SB 6089

As Reported by Senate Committee On:
Ways & Means, January 15, 2018

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

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

Sponsors: Senators Frockt, Honeyford, Mullet, Takko, Keiser, Van De Wege, Hunt, Nelson, Dhingra, Chase, Saldaña, Rolfes, McCoy, Carlyle, Wellman, Ranker and Kuderer.

Brief History:

Committee Activity: Ways & Means: 1/11/18, 1/15/18 [DPS, w/oRec].

Brief Summary of First 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 to finance watershed restoration and enhancement projects in the 2017-19 Capital Budget and the ensuing fifteen years.
- Deletes prior bond authorizations.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6089 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Honeyford, Assistant Ranking Member; Bailey, Becker, Billig, Brown, Carlyle, Conway, Darneille, Fain, Hasegawa, Hunt, Keiser, Mullet, Pedersen, Ranker, Rivers, Van De Wege, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler.

Staff: Richard Ramsey (786-7412)

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.

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 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 (First Substitute): 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 in the 2017-19 Capital Budget and the next 15 years. 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute): Reduces the general obligation bond authorization by \$15 million and reduces the tax-exempt bond proceeds transferred to the State Building Construction Account by \$15 million. These changes reflect adjustment of the debt model to account for the \$300 million in bonds authorized in Section 201.

Authorizes the State Finance Committee to issue general obligation bonds for the watershed and fisheries restoration and enhancement program and increases the authorization from \$200 million over five biennia to \$300 million over 15 years.

Deletes the intent section that the bonds authorized in Section 201 are within the Constitutional debt limit

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.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* Please refer to the January 11, 2018, recording of the public hearing on the Senate AV Capture All website at <http://leg.wa.gov/Senate/Committees/Pages/avcaaudio.aspx>.

Persons Testifying: No one.

Persons Signed In To Testify But Not Testifying: No one.