

# HOUSE BILL REPORT

## HB 1102

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to the capital budget.

**Brief Description:** Concerning the capital budget.

**Sponsors:** Representative Tharinger; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:**

Capital Budget: 1/17/19, 3/26/19, 3/29/19 [DPS].

#### Brief Summary of Substitute Bill

- Authorizes new capital appropriations of \$4.4 billion, of which \$3.1 billion is financed with bonds in the 2019–21 fiscal biennium.
- Authorizes state agencies to enter into alternative financing contracts totaling \$200.1 million.
- Reduces capital appropriations by \$35 million and reduces reappropriations by \$14.2 million in the 2017–19 fiscal biennium.
- Reappropriates \$3.9 billion, \$2.5 billion of which is in bonds, for previously authorized capital projects.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Tharinger, Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Steele, Assistant Ranking Minority Member; Callan, Corry, Davis, Dye, Eslick, Gildon, Irwin, Jenkin, Leavitt, Morgan, Riccelli, Santos, Sells, Stonier and Walsh.

**Staff:** Melissa Palmer (786-7388).

**Background:**

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*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.*

Washington operates on a biennial budget cycle. The Legislature authorizes expenditures for capital needs in the State Omnibus Capital Appropriations Act (Capital Budget) for a two-year period, and authorizes bond sales through passage of a bond bill associated with the Capital Budget to fund a portion of these expenditures. Over the past five biennia, on average 60 percent of the Capital Budget was financed by these state-issued general obligation bonds, and the balance is funded by dedicated accounts, trust revenue, and federal funding sources. The primary two-year budget is passed in the odd-numbered years, and a supplemental budget making adjustments to the two-year budget is often passed during the even-numbered years. The 2019–21 Capital Budget covers the period from July 1, 2019, through June 30, 2021.

The Capital Budget includes appropriations for the acquisition, construction, and repair of capital assets such as state office buildings, prisons, juvenile rehabilitation centers, residential habilitation centers, mental health facilities, military readiness centers, and higher education facilities. The Capital Budget also funds a variety of environmental and natural resource projects, parks and recreational facilities, public kindergarten through grade 12 school construction, and grant and loan programs that support housing, public infrastructure, community service facilities, and art and historical projects.

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### **Summary of Substitute Bill:**

The 2019–21 Capital Budget authorizes new appropriations totaling \$4.4 billion, of which \$3.1 billion is financed with state general obligation bonds. It authorizes state agencies to enter into a variety of alternative financing contracts totaling \$200.1 million. It also authorizes reappropriations totaling \$3.9 billion, of which \$2.5 billion is bonds, for uncompleted projects approved in prior biennia.

The 2019 Supplemental Budget reduces appropriations by \$35 million and reduces reappropriations by \$14.2 million in the 2017–19 fiscal biennium.

Additional detail can be found at [fiscal.wa.gov](http://fiscal.wa.gov).

### **Substitute Bill Compared to Original Bill:**

The 2019–21 Capital Budget total appropriations are decreased by \$378 million. The amount funded with general obligations bonds is decreased by \$292 million. The amount state agencies are authorized to enter into in alternative financing is increased by \$122 million. The reappropriations are decreased by \$184 million, of which \$138 million are bonds.

The 2019 Supplemental Budget reduces appropriation by \$98 million compared to the original bill.

Please see [leap.wa.gov](http://leap.wa.gov) for more detailed information.

**Appropriation:** For the 2019–21 biennium, the sum of \$4.4 billion in new appropriations and \$3.9 billion in reappropriations. For the 2017–19 biennium, a reduction of \$35 million in appropriations and a reduction of \$8.9 million in reappropriations.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately, except section 7032, relating to transfers for broadband, which takes effect only if Third Substitute House Bill 1498 (broadband) is enacted by June 30, 2019.

**Staff Summary of Public Testimony:**

Please refer to the January 17, 2019 recording of the public hearing on the original bill.

Please refer to the March 26, 2019 recording of the public hearing on the proposed substitute bill.

**Persons Testifying:** *Hearing date on January 17, 2019*

(In support of original bill) Chris Reykdal, Superintendent of Public Instruction; Becca Kenna-Schenk, Western Washington University; Christine Mahler and Steve Seward, Washington Wildlife and Recreation Coalition; Doug Dogerty, Rocky Mountain Elk Foundation; Mary Dodsworth, Lakewood Parks; Joe Kane, Nisqually Land Trust; Jeremy Mohn and Charles Adkins, The Evergreen State College; Chris Mulick, Washington State University; Bruce Wishart, Sound Action; Matt Zuvich, Washington Federation of State Employees; Ian Goodhew, University of Washington Medicine Health System; Steve DuPont, Central Washington University; Mike Hatchett, Washington Council for Behavioral Health; David Buri, Eastern Washington University; Nancy Szofran, Spokane Falls Community College; Bonnie Brunt, Spokane Falls Community College; Patrick Sisneros, Everett Community College; Eric Murray, Cascadia College; and Steve Leahy, Seattle Community Colleges.

(Opposed to original bill) John Daugherty, Friends of Lake Kachess and Yakima Coalition.

(Other on original bill) Morgan Hickel, University of Washington; Seth Dawson, Compass Health, Washington Association for Children & Families, and Child Advocacy Centers of Washington; Jane Wall, Washington State Association of Counties; Doug Levy, Washington Recreation and Park Association; Al Aldrich, City of Stanwood and City of Marysville; Michael Moran, Confederated Tribes of the Colville Reservation; Mike Bomar, Port of Vancouver; Brian Sims, Washington State School Directors' Association; Jeff DeLuca, Washington State Community Action Partnership; Candice Bock, Association of Washington Cities; and Carolyn Logue, Northwest Hearth, Patio and Barbecue Association, Washington Library Association.

*Hearing date on March 26, 2019*

(In support of the proposed substitute bill) Kim Wyman, Secretary of State; Aaron Peterson, Regional Fisheries Enhancement Groups; Becca Kenna-Schenk, Western Washington University; Nancy Johnson and Clay Wertheimer, Imagine Children's Museum; Morgan

Hickel, University of Washington; Doug Levy, Washington Recreation & Park Association and Recreational Boaters; Lilly Wall, City of Chehalis; Al Aldrich, City of Stanwood and City of Marysville; Brian Sims, Washington State School Directors Association; Bill Tsoukalas, Boys and Girls Club of Snohomish County; Dan Dunne, CAZ Energy Services; Marty Hartman, Mary's Place; Wendy McDermott, American Rivers; Urban Eerhardt, Kittitas Reclamation District; Peter Dykstra, Trout Unlimited; Dawn Vyvyan, Yakama Nation; Mara Machulsky, Public Works Board; Matt Zuvich, Washington Federation of State Employees; Steve DuPont, Central Washington University; Mitch Denning, Alliance of Educational Associations; Jeremy Mohn, The Evergreen State College; Jim Minkler, Grays Harbor College; Steve Leahy, Seattle Colleges; Carolyn Logue, Northwest Hearth Patio and Barbecue Association; Melissa Johnson, Washington State Association of Head Start and Early Childhood Education and Assistance Program; Stephanie Smith, Learning to Grow Child Care; Deborah Knight, City of Monroe; Robin Ogrady, Fusion; Chris Mulick, Washington State University; Robert Knight and Lisa Gibert, Clark College; Maiko Winkler-Chin, Seattle Chinatown International District Preservation and Development Authority; Carey Morris, Washington State Coalition Against Domestic Violence; Ryan McIrvin, University of Washington Bothell; Gerry O'Keefe, Washington Ports; and Jeff DeLuca, Washington State Community Action Partnership.

(Opposed to the proposed substitute bill) Patrick Murray, The Young Men's Christian Association of Greater Seattle.

(Other testimony on the proposed substitute bill) Jonathon Turlove, Olympia Parks, Arts & Recreation; Michele Thomas, Washington Low Income Housing Alliance; Cynthia Stewart, League of Women Voters of Washington; Seth Dawson, Compass Health; Patricia Hickey, Washington Association of Conservation Districts; Nick Norton, Washington Association of Land Trusts; Lua Pritchard, Communities of Concern Commission and Asian Pacific Cultural Center; Mario Villanueva, Partners for Rural Washington and Communities of Concern Commission; Kyle Cronk, and Jim Morrell, South Sound YMCA; David Foster, Building for the Arts; Chris Fidler, Port Angeles Waterfront Center; Jerry Garcia, Sea Mar; David Buri, Eastern Washington University; Donna Patrick, Developmental Disabilities Council; Joe DePinto, Heritage Capital Projects Coalition; Candice Bock, Association of Washington Cities; Mellani McAleen, Washington State Association of Counties; Charlie Brown, Franklin Pierce School District; Amber Carter, Port of Vancouver; Nick Federici, Pioneer Human Services and City of Spokane; Mike Schwisow, Washington State Water Resources Association; Peter Shapiro; Paul Purcell, Affordable Housing Advisory Board; Amanda DeShazo, Tacoma-Pierce County Affordable Housing Consortium; Christine Mahler, Washington Wildlife & Recreation Coalition; Thomas O'Keefe, American Whitewater; and Shoshana Wineburg, YouthCare.

**Persons Signed In To Testify But Not Testifying:** None.