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## Capital Budget Committee

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### HB 1154

**Brief Description:** Concerning the financing of Chehalis basin flood damage reduction and habitat restoration projects.

**Sponsors:** Representative DeBolt.

#### Brief Summary of Bill

- Authorizes the State Finance Committee to issue up to \$480 million in general obligation bonds to finance Chehalis basin flood damage reduction and aquatic species habitat restoration projects.
- Creates the Chehalis Basin Taxable Account.

**Hearing Date:** 2/4/20

**Staff:** Richelle Geiger (786-7139).

#### **Background:**

##### The Office of Chehalis Basin.

In 2016 the Legislature established the Office of the Chehalis Basin (Office) in the Department of Ecology. Its purpose is to aggressively pursue implementation of an integrated strategy and to administer funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin. The Office must be funded from specific appropriations for basin-related flood hazard reduction and habitat recovery activities.

The Chehalis Basin Account (Account) is an appropriated account in the state Treasury. Money in the Account may only be used for the purposes of the Office and for expenses related to bond issuance and sales. Receipts from legislative appropriations or money directed from other sources must be deposited into the Account. Interest earnings must be retained in the Account.

##### Bond Authorization.

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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.*

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 Bill:**

The Committee is authorized to issue up to \$480 million in state general obligation bonds to finance Chehalis Basin flood damage reduction and aquatic species habitat restoration projects and to pay expenses incurred in the issuance and sale of the authorized bonds. It is the intent of the Legislature that the proceeds be appropriated in phases over five biennia, beginning with the 2019-2021 Biennium. An appropriation is required for the bond sale or use of proceeds.

The Chehalis Basin Taxable Account (Taxable Account) is created in the state Treasury. Proceeds from the sale of the tax-exempt bonds must be deposited into the Account, unless the Committee deems it necessary or advantageous to issue the authorized bonds as taxable bonds, in which case the proceeds must be deposited into the Taxable Account. Money in the Taxable Account may only be used after appropriation and for the purposes of the Office and for expenses related to authorized bond issuance and sales. Interest earnings must be retained in the Taxable Account.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/28/2020.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except section 13 which takes effect on May 1, 2019.