
Capital Budget Committee

HB 2015

Brief Description: Providing funding for the Washington state library-archives building and operations of library and archives facilities.

Sponsors: Representatives Doglio, DeBolt, Dolan, Walsh, Blake, Springer, Tarleton and Pollet; by request of Secretary of State.

Brief Summary of Bill

- Authorizes a Certificate of Participation for up to \$108 million for a new State Library-Archives Building.
- Authorizes the Secretary of State to manage the construction and operation of the building.
- Authorizes the Secretary of State to enter into a land lease for up to 75 years with the Port of Olympia.
- Changes the name of the Heritage Center Account to the Library Operations Account.
- Adds \$2 surcharge to county recordings, to be deposited in the Library-Archives Building Account.

Hearing Date: 2/21/19

Staff: Steve Masse (786-7115).

Background:

Secretary of State

The primary duties of the Office of the Secretary of State include supervising state and local elections, filing and verifying initiatives and referendums, producing the state voters pamphlet, registering corporations and charities, and managing the State Archives and records. The state library and TVW are also funded through the Secretary of State.

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.

There are a variety of documents that are filed with county auditors offices throughout the state, particularly those related to real property located in the county. The auditors charge fees for filing these documents in the public record. All archives and records management services provided by the Office of the Secretary of State are funded exclusively by a schedule of fees. The Secretary of State's costs for preserving and providing public access to local government archives and providing records management assistance to local government agencies have been funded by fees paid by state government agencies. County auditors and local government officials are authorized to collect certain fees for copying, recording, and searching for records. These fees are deposited into the Local Government Archives Account (Account). The Account can be used by the Secretary of State for disaster recovery, records management, archival preservation, and records protection services. An additional surcharge of \$1 per instrument recording after January 1, 2002 is deposited into the Account for debt service on the Washington State Digital Archives building. When the debt obligation on the building has been satisfied, the surcharge is then deposited half into the Centennial Document Preservation and Modernization Account and half into the Archives and Records Management Account.

Heritage Center Account

In 2007 the Secretary of State proposed a new Heritage Center on the Capitol Campus. The project would have been funded with a certificate of participation for up to \$110 million, and the Heritage Center Account was established with a \$3 surcharge on recording fees. The fund was to be used for debt service and operation and maintenance of the Heritage Center. In 2008, the account was amended to include using excess revenues from the surcharge for use of debt service on the Heritage Center if the Heritage Center account does not have sufficient revenue to support the required debt service. The Heritage Center project did not move forward to construction.

County Recording Fees

The Secretary of State currently collects fees from recording documents including real estate transactions, marriages, and births. The legislature authorized a portion of these fees to be used for debt service to construct a new digital archive facility located in Eastern Washington, and use of the fees to go into the Heritage Center Account. When the debt service of the Eastern Washington archive facility has been satisfied 50 percent of the fees shall go towards the Centennial Document Preservation and Modernization Account and 50 percent shall go into the Heritage Center Account in the event there is insufficient revenue to cover debt service for a new Heritage Center.

Alternative Financing Contracts

Certificates of Participation (COPs) are financing instruments used to fund lease/purchase contracts. Certificates of Participation are similar to bonds in that they are sold as securities to private investors. Payments on COPs come from agency operating budgets. Unlike bonds, the COP contracts are not a general obligation of the state and debt on COPs does not fall under the state debt limit. Debt service payments are subject to the availability of funds within an agency's operating budget during any given time period. Because the full faith and credit of the state is not pledged toward COP debt service payments, interest rates can be higher than for general obligation bonds.

Department of Enterprise Services

The Department of Enterprise Services (DES) is responsible for operation and maintenance of buildings, and for entering into public works contracts to construct buildings for most state

agencies. The DES owns and operates state buildings and leases the space to state agencies to pay for any debt services, and operations and maintenance. Leases from a private developer may not exceed 20 years in duration, and any lease over 10 years must be approved by the Director of the Office of Financial Management.

Summary of Bill:

New Library-Archives Building

The Washington State Library-Archives building (building) is established and replaces the existing state archives, the existing State Library, leased elections office, and the corporations and charities spaces in Thurston County. The building construction must be done with a general contractor/construction manager, with a guarantee for energy use, operations, and maintenance. The Secretary of State is authorized to enter into a COP for up to \$108 million to fund the construction. The leases from the current locations, along with the Library-Archives Building Account, will be used for paying debt service on the COP, and the cost of operating and maintaining the building. The Library-Archives Building Account is established with a \$2 surcharge on recording fees deposited into it until the COP debt service is satisfied, and any local donations may be deposited into it. The Library-Operations Account is established and moneys previously deposited into the Heritage Center Account will be deposited into the Library-Operations Account. The Library Operations Account may be used for debt service on the COP, and maintenance of the Washington State Library-Archives building.

Public Works and Operations Responsibility

The responsibility for public works contracting for the building and its operations and maintenance is transferred from the DES to the Secretary of State. In addition, the Secretary of State is authorized to enter into a lease of up to 75 years for property owned by the Port of Olympia.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.