

SENATE BILL REPORT

SB 5938

As of July 29, 2019

Title: An act relating to funding the state debt reduction account.

Brief Description: Funding the state debt reduction account.

Sponsors: Senators Rolfes and Frockt.

Brief History:

Committee Activity: Ways & Means: 2/27/19.

Brief Summary of Bill

- Creates the State Debt Reduction Account in the state treasury.
- Requires the deposit of revenue from three sources into the new account.
- Limits the use of money from the new account to the payment of interest and principal on bonds and other financing obligations for projects authorized in an omnibus capital appropriations act.

SENATE COMMITTEE ON WAYS & MEANS

Staff: James Kettel (786-7459)

Background: Under current law, as shown below, a portion of revenue collected from the excise tax on real estate sales, public utility tax, and solid waste collection tax must be deposited into the Education Legacy Trust Account.

Excise Tax on Real Estate Sales. An excise tax upon each sale of real property is imposed under law. Beginning July 1, 2013, and ending June 30, 2023, an amount equal to 4.1 percent must be deposited in the Education Legacy Trust Account.

Public Utility Tax. Twenty percent of the moneys collected on water distribution businesses, and sixty percent of the moneys collected on sewerage collection businesses, must be deposited in the Education Legacy Trust Account from July 1, 2013, through June 30, 2023.

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.

Solid Waste Collection Tax. For fiscal years 2019 through 2023, taxes collected on solid waste collection businesses must be deposited in the Education Legacy Trust Account.

Summary of Bill: The State Debt Reduction Account is created in the state treasury. Moneys in the State Debt Reduction Account will consist of tax revenues directed for deposit into the account and other moneys transferred or appropriated into the account pursuant to legislative directive. Moneys in the State Debt Reduction Account may be spent only after appropriation. Expenditures from the State Debt Reduction Account may be used only for payment of interest and principal on bonds and other financing obligations for projects authorized in an Omnibus Capital Appropriations Act.

For the period of July 1, 2019 through June 30, 2023, the portion of revenue from the excise tax on real estate sales, public utility tax, and solid waste collection tax that had been directed to the Education Legacy Trust Account will instead be deposited into the State Debt Reduction Account.

Appropriation: None.

Fiscal Note: Requested on February 21, 2019.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Some members have concerns about diverting funding from the Public Works Assistance Account into an education account. Depositing the funding into a new account for paying state debt seems like a more appropriate use of the diverted funds. Using funding from the new account will also highlight the ongoing fiscal impact of funding decisions within the capital budget.

Persons Testifying: PRO: Senator Christine Rolfes, Prime Sponsor.

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