

HOUSE BILL REPORT

SB 5767

*As Passed House
April 15, 1991*

Title: An act relating to public utility districts borrowing or establishing lines of credit with any financial institution.

Brief Description: Permitting public utility districts to borrow from or establish credit with any financial institution.

Sponsor(s): Senators Sellar, Pelz and von Reichbauer.

Brief History:

Reported by House Committee on:
Local Government, April 3, 1991, DP;
Passed House, April 15, 1991, 95-0.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *Do pass.* Signed by 14 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Wood; Wynne; and Zellinsky.

Staff: Steve Lundin (786-7127).

Background: Legislation was enacted in 1983 permitting local governments in this state to establish lines of credit with any qualified public depository to be drawn upon in exchange for its bonds or other obligations.

A qualified public depository is a financial institution which: (1) does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under this state; (2) has been approved by the Washington Public Depository Protection Commission to hold public deposits; and (3) has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability. The Washington Public Depository Protection Commission is the State Finance Committee, which is composed of the governor, lieutenant governor and state treasurer.

Summary of Bill: A public utility district (PUD) may establish lines of credit or other pre-arrangement agreements to borrow money from any financial institution.

Fiscal Note: Not requested.

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

Testimony For: PUD's need to temporarily borrow large sums of money for the interim financing of major projects. Only the largest banks have sufficient assets for such lines of credit. Most of these are out of state banks that are not public depositories in this state.

Testimony Against: None.

Witnesses: Jerry Copp, Chelan County PUD/Washington PUD Association.