

SENATE BILL REPORT

SB 5767

AS PASSED SENATE, MARCH 13, 1991

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

SPONSORS: Senators Sellar, Pelz and von Reichbauer.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Johnson, Vice Chairman; Moore, Owen, Pelz, Rasmussen, Sellar, Vognild, and West.

Staff: Benson Porter (786-7470)

Hearing Dates: February 28, 1991; March 5, 1991

BACKGROUND:

Public utility districts (PUDs) are currently authorized to contract indebtedness or borrow money for any corporate purpose on its credit or on revenue it receives. One method used by the PUDs for various financing purposes is the establishment of a line of credit. In general, a line of credit is extended to a particular organization by entering a formal arrangement with a financial institution to authorize drafts up to a specified limit.

Some concern has been expressed that current state law is not clear on whether PUDs must obtain lines of credit from state qualified depository institutions or any financial institution. Concern has also been expressed that there is a lack of state qualified depository institutions that can fund larger lines of credit.

SUMMARY:

Public utility districts may establish lines of credit or other prearranged agreements with any financial institution.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Clarification of the public utility district's ability to use lines of credit is beneficial because it offers another financing alternative.

TESTIMONY AGAINST: None

TESTIFIED: Rick Coons, David Dorsey, Chelan PUD No. 1 (pro)