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**SUBSTITUTE HOUSE BILL 1034**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Capital Facilities & Financing (originally sponsored by Representatives H. Sommers, Rasmussen, H. Myers, O'Brien, Jacobsen and Brekke; by request of Governor Gardner).

Read first time April 17, 1991.

1 AN ACT Relating to evidences of indebtedness; reenacting and  
2 amending RCW 39.42.060; and adding a new section to chapter 39.42 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 39.42.060 and 1989 1st ex.s. c 14 s 17 and 1989 c 356  
5 s 7 are each reenacted and amended to read as follows:

6 No bonds, notes, or other evidences of indebtedness for borrowed  
7 money shall be issued by the state which will cause the aggregate debt  
8 contracted by the state to exceed that amount for which payments of  
9 principal and interest in any fiscal year would require the state to  
10 expend more than (~~seven~~) the percent of the arithmetic mean of its  
11 general state revenues, as defined in section 1(c) of Article VIII of  
12 the Washington state Constitution for the three immediately preceding  
13 fiscal years as certified by the treasurer in accordance with RCW  
14 39.42.070(~~-~~), according to the following schedule:

1	<u>Through year</u>	
2	<u>1993</u>	<u>7.0%</u>
3	<u>1994</u>	<u>7.25%</u>
4	<u>1995</u>	<u>7.5%</u>
5	<u>1996</u>	<u>7.75%</u>
6	<u>1998</u>	<u>7.9%</u>
7	<u>2000</u>	<u>7.75%</u>
8	<u>2001</u>	<u>7.5%</u>
9	<u>2002</u>	<u>7.25%</u>
10	<u>2003 and</u>	
11	<u>after</u>	<u>7.0%</u>

12 It shall be the duty of the state finance committee to compute  
13 annually the amount required to pay principal of and interest on  
14 outstanding debt. In making such computation, the state finance  
15 committee shall include all borrowed money represented by bonds, notes,  
16 or other evidences of indebtedness which are secured by the full faith  
17 and credit of the state or are required to be paid, directly or  
18 indirectly, from general state revenues and which are incurred by the  
19 state, any department, authority, public corporation or quasi public  
20 corporation of the state, any state university or college, or any other  
21 public agency created by the state but not by counties, cities, towns,  
22 school districts, or other municipal corporations, and shall include  
23 debt incurred pursuant to section 3 of Article VIII of the Washington  
24 state Constitution, but shall exclude the following:

25 (1) Obligations for the payment of current expenses of state  
26 government;

27 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

28 (3) Principal of and interest on bond anticipation notes;

29 (4) Any indebtedness which has been refunded;

1 (5) Financing contracts entered into under chapter 39.94 RCW;

2 (6) Indebtedness incurred pursuant to statute heretofore or  
3 hereafter enacted which requires that the state treasury be reimbursed,  
4 in the amount of the principal of and the interest on such  
5 indebtedness, from money other than general state revenues or from the  
6 special excise tax imposed pursuant to chapter 67.40 RCW.

7 To the extent necessary because of the constitutional or statutory  
8 debt limitation, priorities with respect to the issuance or  
9 guaranteeing of bonds, notes, or other evidences of indebtedness by the  
10 state shall be determined by the state finance committee; and

11 (7) Any agreement, promissory note, or other instrument entered  
12 into by the state finance committee under RCW 39.42.030 in connection  
13 with its acquisition of bond insurance, letters of credit, or other  
14 credit support instruments for the purpose of guaranteeing the payment  
15 or enhancing the marketability, or both, of any state bonds, notes, or  
16 other evidence of indebtedness.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.42 RCW  
18 to read as follows:

19 Of the additional debt capacity created by raising the debt limit  
20 from seven percent to the schedule in section 1 of this act, one  
21 billion dollars is reserved over the next ten years exclusively for the  
22 following uses:

23 (1) Two hundred fifty million dollars to the state board of  
24 education for common school construction and repair;

25 (2) Two hundred fifty million dollars for housing assistance;

26 (3) Two hundred fifty million dollars for preserving open space and  
27 purchasing recreational and wildlife lands;

28 (4) Two hundred fifty million dollars for higher education, of  
29 which one hundred seventy-five million dollars is reserved for four-

1 year institutions and seventy-five million dollars is reserved for  
2 community colleges.