

HOUSE BILL ANALYSIS

HJR 4203

Title: Guaranteeing school district debt.

Sponsors: Representatives Murray, Mitchell, Huff, H. Sommers, Bush, Esser, Lambert, O'Brien, Haigh, Rockefeller, Kenney and Campbell; by request of State Treasurer.

Brief Summary: Amends the state Constitution to authorize the state to guarantee payment on school district general obligation debt. Exempts any obligation or payment on guaranteed school district debt from the Constitutional 9 percent debt limit.

Background: Article VIII section 1 of the state Constitution permits the state to contract debt and make payments on the debt for up to thirty years. The total amount of state debt is limited to the principal and interest payments in any year that will not exceed 9 percent of the average of the prior three years of general state revenues. Excluded from the 9 percent limit are:

- . Voter approved bonds;
- . Bonds payable from the gas tax and motor vehicle license fees;
- . Bonds payable from income received from the investment of the permanent common school fund;
- . Debt issued to meet temporary deficiencies in the state treasury or debt issued in the form of bond anticipation notes; and
- . Bonds payable solely from revenues of particular public activity.

The Constitution also allows the state to pledge its full faith and credit to guarantee payment on any debt to be paid from revenues from the motor vehicle license fees, motor vehicle fuel tax and interest on the permanent common school fund.

Summary: At the next general election there will be submitted to the voters for approval or rejection a Constitutional amendment authorizing the state to guarantee payment on school district general obligation debt and exempt any state payment on such guaranteed school district debt from the 9 percent debt limit.

Appropriation: None

Fiscal Note: Not requested

Effective date: November 1999, if approved by the voters at the November 1999 general election.