

# HOUSE BILL REPORT

## SJR 8206

---

---

**As Passed House - Amended:**

April 14, 1999

**Brief Description:** Guaranteeing school district debt.

**Sponsors:** Senators Bauer, McCaslin, Snyder, Loveland and McAuliffe; by request of State Treasurer.

**Brief History:**

**Committee Activity:**

Capital Budget: 3/22/99, 4/1/99 [DPA].

**Floor Activity:**

Passed House - Amended: 4/14/99, 95-0.

**Brief Summary of Bill**  
**(As Amended by House Committee)**

- Submits to the voters at the next general election a constitutional amendment authorizing the state to guarantee payment on school district general obligation debt.
- Exempts the school district debt guarantee program from the state debt limit.

---

### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass as amended. Signed by 16 members: Representatives Mitchell, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Anderson; Barlean; Constantine; Dunshee; Hankins; Koster; Lantz; Mastin; Miloscia; O'Brien; Ogden and Schoesler.

**Staff:** Bill Robinson (786-7140).

**Background:**

Article VIII, Section 1 of the state Constitution permits the state to contract debt, but it limits the total amount of state debt 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. Certain categories of debt are excluded from the 9 percent limit, including county and municipal debt.

Article VIII, Section 1, 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.

To amend the Constitution, a bill must be passed by a two-thirds majority of both houses and be approved by a majority of the people.

---

**Summary of Amended Bill:**

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. Any state guarantee of the debt does not remove the debt obligation of the school district and is not state debt.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect on upon ratification by the voters at the next general election.

**Testimony For:** This constitutional amendment is necessary to provide more certainty to investors that the guarantee program is permanent. Also the bond rating agencies look to constitutional guarantees for a better rating. Legislation creating the school bonds guarantee program would be of no benefit to school districts without the constitutional backing.

**Testimony Against:** None

**Testified:** Mike Murphy, State Treasurer; and Ray Tobiason, Alliance of Education Associations.