

# HOUSE BILL REPORT

## SSB 5402

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**As Passed House:**

April 27, 2003

**Title:** An act relating to state general obligation bonds and related accounts.

**Brief Description:** Issuing general obligation bonds.

**Sponsors:** By Senate Committee on Ways & Means (originally sponsored by Senators Zarelli, Poulsen and Fairley; by request of Office of Financial Management).

**Brief History:**

**Floor Activity:**

Passed House: 4/27/03, 89-9.

**Brief Summary of Substitute Bill**

- Authorizes \$950 million in state bonds to fund projects appropriated in the 2003-05 Capitol budget, and authorizes \$1.05 billion in state bonds to fund additional higher education and K-12 construction projects.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority/Minority Report:** None.

**Staff:** Charlie Gavigan (786-7340).

**Background:**

Washington State is on a biennial budget cycle. The Legislature authorizes expenditures for capital projects and programs through appropriations in the capital budget, and authorizes bond sales through passage of a bond bill to finance a significant portion of these projects and programs.

The state of Washington periodically issues general obligation bonds to finance projects and programs authorized in the capital budget. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. The bonds cannot be issued until they are both authorized in a bond bill and appropriated in the capital budget. Legislation authorizing the issuance of bonds requires a 60 percent

majority vote in both the House of Representatives and the Senate.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the state general fund and deposits them into the bond retirement funds. The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

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**Summary of Bill:**

The State Finance Committee is authorized to issue state general obligation bonds up to \$950 million to finance projects appropriated in the 2003-05 capital budget. State general obligation bonds up to \$1.05 billion also are authorized for K-12 and higher education construction projects, \$350 million of which is appropriated in the 2003-05 capital budget; the remainder is expected to be appropriated over the following two biennia.

The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the bond retirement account.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.