

FINAL BILL REPORT

HB 2242

C 9 L 03 E1

Synopsis as Enacted

Brief Description: Concerning the definition of general state revenues.

Sponsors: By Representative Dunshee.

House Committee on Capital Budget

Background:

Washington's indebtedness is limited by a statutory and a constitutional debt limit. The State Treasurer cannot issue any bonds that would cause the debt service on the new, plus existing, debt to exceed 7 percent of general state revenues averaged over three years; the constitutional limit is 9 percent.

Bond capacity for a given biennium is the amount of projects that may be authorized by the Legislature for which the State Treasurer may issue bonds to finance without exceeding the debt limit in the future, given forecasted variables and a stable Capital Budget level in future biennia. Interest rates, revenue, and other factors affect bond capacity.

For purposes of the debt limit, the term "general state revenues" is defined in the State Constitution and by statute. General state revenues traditionally have been defined to be more limited than revenue going to the state General Fund; revenue identified in statute as being for specific purposes or going into dedicated accounts typically has not been considered general state revenues. The same definition is used for both the constitutional and statutory debt limits except that the statutory definition includes the portion of the Real Estate Excise Tax (REET) going to the General Fund for support of the common schools and the lottery revenue going to the Education Construction Account, while the constitutional definition likely does not include these. The lottery revenue was added to general state revenues by Initiative 728, and the REET revenue was added to the statutory definition of general state revenues in the 2002 bond bill.

Most of the state portion of the property tax goes to the General Fund for support of the common schools; a portion goes to the Student Achievement Fund and is distributed to local school districts.

Summary:

The statutory definition of general state revenues includes the state portion of the property

tax, both the portion going to the General Fund and the portion going to the Student Achievement Fund.

Votes on Final Passage:

House 82 16

First Special Session

House 74 18

Senate 44 3

Effective: September 9, 2003