

# SENATE BILL REPORT

## SB 6540

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As of February 3, 2004

**Title:** An act relating to state transportation bond payment revenue.

**Brief Description:** Creating a transportation debt limit.

**Sponsors:** Senators Haugen, Benton, T. Sheldon, Poulsen, Spanel, Winsley, Jacobsen and Kastama.

**Brief History:**

**Committee Activity:** Highways & Transportation: 2/4/04.

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### SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

**Staff:** Dean Carlson (786-7305)

**Background:** The state Constitution limits the amount of expenditures that the state may make for debt service payments on debt to no more than 9 percent of general state revenues. Specifically exempt from this debt limit calculation are bonds whose revenue is pledged from license fees on motor vehicles and excise taxes collected on motor vehicle fuel. The license fees on motor vehicles and the excise taxes collected on motor vehicle fuel are also the revenues that are governed by the 18th Amendment to the Constitution requiring them to be used for "highway purposes" only.

Over time, the state has issued bonds backed by the fuel tax and license fees on motor vehicles to be used for highway and ferry improvements. These bonds require ongoing principal and interest payments from the fuel tax and license fees on motor vehicles. Revenues from these sources are also used for other highway related items such as the State Patrol, Department of Transportation operating and maintenance costs, the Department of Licensing's Vehicle Services Division and others.

**Summary of Bill:** The aggregate principal and interest payments on bonds which are backed by state transportation bond payment revenue may not exceed 22 percent of total state transportation bond payment revenues.

State transportation bond payment revenues are defined as the portion of the fuel tax that is distributed to the state and all state license fees on motor vehicles.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.