

HOUSE BILL REPORT

HB 1138

As Reported by House Committee On:
Capital Budget

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

Brief Description: Concerning general obligation bonds.

Sponsors: Representatives Fromhold, McDonald, Ormsby and Moeller; by request of Office of Financial Management.

Brief History:

Committee Activity:

Capital Budget: 3/16/07, 3/22/07 [DPS].

Brief Summary of Substitute Bill

- Authorizes issuance of general obligation bonds to support appropriations in the 2007 Supplemental and 2007-09 Capital Budgets.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Fromhold, Chair; Ormsby, Vice Chair; Schual-Berke, Vice Chair; McDonald, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Blake, Chase, Dunshee, Eickmeyer, Flannigan, Goodman, Hankins, Hasegawa, Kelley, McCune, Orcutt, Pearson, Pedersen, Sells, Skinner, Strow and Upthegrove.

Staff: Susan Howson (786-7142).

Background:

The State of Washington periodically issues general obligation bonds to finance projects authorized in the Capital and Transportation Budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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.

Summary of Substitute Bill:

The State Finance Committee is authorized to issue state general obligation bonds to finance \$1.97 billion in projects in the 2007 Supplemental and 2007-09 Capital Budgets.

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.

Substitute Bill Compared to Original Bill:

The substitute bill makes changes to the Governor's proposed bond authorization bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.