

SENATE BILL REPORT

SHB 1138

As Reported By Senate Committee On:
Ways & Means, March 29, 2007

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

Brief Description: Concerning general obligation bonds.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Fromhold, McDonald, Ormsby and Moeller; by request of Office of Financial Management).

Brief History: Passed House: 3/26/07, 93-4.

Committee Activity: Ways & Means: 3/28/07, 3/29/07 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Brian Sims (786-7431)

Background: The state of Washington periodically issues general obligation bonds to finance projects authorized in the state 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.

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. For reimbursable bonds, an equal amount is then transferred to the bond retirement account from the source of the reimbursement.

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.

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.

Summary of Substitute Bill: The State Finance Committee is authorized to issue state general obligation bonds to finance projects in the supplemental capital budget for the 2005-07 fiscal biennium and omnibus capital budget for the 2007-2009 fiscal biennium.

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.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: None.

Persons Testifying: No one.