

# SENATE BILL REPORT

## SB 6460

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As Reported By Senate Committee On:  
Ways & Means, February 27, 2008

**Title:** An act relating to authorizing state general obligation bonds for the state's share of the Centralia-Chehalis flood control project.

**Brief Description:** Authorizing state general obligation bonds for the state's share of the Centralia-Chehalis flood control project.

**Sponsors:** Senators Fraser, Swecker, Rasmussen and Sheldon; by request of Governor Gregoire.

**Brief History:**

**Committee Activity:** Ways & Means: 2/26/08, 2/27/08 [DPS, w/oRec].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6460 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Brandland, Carrell, Fairley, Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Rockefeller and Tom.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Parlette.

**Staff:** Brian Sims (786-7431)

**Background:** 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. 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.

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. Washington's indebtedness is limited by both a statutory and a constitutional debt limit. The State Treasurer may not issue any bonds that would cause the debt service on the new, plus

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existing bonds, to exceed 7 percent of general state revenues averaged over three years in the case of the statutory limit, and 9 percent under the constitutional limit. For purposes of the debt limit, "general state revenues" is defined in the State Constitution and by statute.

In December 2007 a series of storms caused flood damage in southwest Washington. On December 8, the President declared a major disaster in the counties of Grays Harbor, Kitsap, Lewis, Mason, Pacific, and Thurston. Federal funding assistance was made available following this declaration.

**Summary of Bill (Recommended Substitute):** The State Finance Committee is authorized to issue \$50 million in state general obligation bonds to finance the flood mitigation efforts in the Chehalis river basin. 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.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** Expands the purpose of the bond authority to encompass basin-wide flood mitigation efforts.

**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.