

FINAL BILL REPORT

SSB 5537

C 500 L 09
Synopsis as Enacted

Brief Description: Eliminating the statutory debt limit.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Fraser; by request of Office of Financial Management).

Senate Committee on Ways & Means
House Committee on Capital Budget

Background: The level of debt incurred by the State of Washington is constrained by constitutional and statutory limitations on annual debt service payments. The state constitution limits aggregate debt so that annual debt service payments for general obligation bonds do not exceed 9 percent of the average annual amount of general revenue received in the prior three fiscal years. State law limits debt so that debt service payments do not exceed 7 percent of the three-year average amount of revenue that includes general revenue plus property tax and lottery receipts. Property tax and lottery receipts do not meet the definition of general revenue under the constitution because they are designated for specific purposes. Because of the different definitions of revenue, the 9 percent constitutional limit currently allows for less borrowing than the 7 percent statutory debt limit.

Summary: The act repeals the existing statutory debt limit and strikes references to it throughout the RCWs. The act adds a new section that establishes a new statutory debt limit that is the same as the constitutional debt limit, thus creating a single debt limit for the state.

Votes on Final Passage:

Senate	29	16
House	50	44

Effective: July 1, 2009

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.