

SJR 8204 - S AMD 197

By Senators Keiser, Honeyford

ADOPTED 3/10/2015

1 Strike everything after the enacting clause and insert the
2 following:

3 "BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF
4 THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

5 THAT, At the next general election to be held in this state the
6 secretary of state shall submit to the qualified voters of the state
7 for their approval and ratification, or rejection, an amendment to
8 Article VIII, section 1 of the Constitution of the state of
9 Washington to read as follows:

10 Article VIII, section 1. (a) The state may contract debt, the
11 principal of which shall be paid and discharged within thirty years
12 from the time of contracting thereof, in the manner set forth herein.

13 (b) The aggregate debt contracted by the state, as calculated by
14 the treasurer at the time debt is contracted, shall not exceed that
15 amount for which payments of principal and interest in any fiscal
16 year would require the state to expend more than the applicable
17 percentage limit of the arithmetic mean of its general state revenues
18 for the six immediately preceding fiscal years as certified by the
19 treasurer. The term "applicable percentage limit" means eight and
20 one-half percent from July 1, 2014, through June 30, 2016; eight and
21 one-quarter percent from July 1, 2016, through June 30, 2034; eight
22 percent from July 1, 2034, and thereafter. The term "fiscal year"
23 means that period of time commencing July 1 of any year and ending on
24 June 30 of the following year.

25 (c) The term "general state revenues," when used in this section,
26 shall include all state money received in the treasury from each and
27 every source, including moneys received from ad valorem taxes levied
28 by the state and deposited in the general fund in each fiscal year,
29 but not including: (1) Fees and other revenues derived from the
30 ownership or operation of any undertaking, facility, or project; (2)
31 Moneys received as gifts, grants, donations, aid, or assistance or
32 otherwise from the United States or any department, bureau, or
33 corporation thereof, or any person, firm, or corporation, public or

1 private, when the terms and conditions of such gift, grant, donation,
2 aid, or assistance require the application and disbursement of such
3 moneys otherwise than for the general purposes of the state of
4 Washington; (3) Moneys to be paid into and received from retirement
5 system funds, and performance bonds and deposits; (4) Moneys to be
6 paid into and received from trust funds and the several permanent and
7 irreducible funds of the state and the moneys derived therefrom but
8 excluding bond redemption funds; (5) Moneys received from taxes
9 levied for specific purposes and required to be deposited for those
10 purposes into specified funds or accounts other than the general
11 fund; and (6) Proceeds received from the sale of bonds or other
12 evidences of indebtedness.

13 (d) In computing the amount required for payment of principal and
14 interest on outstanding debt under this section, debt shall be
15 construed to mean borrowed money represented by bonds, notes, or
16 other evidences of indebtedness which are secured by the full faith
17 and credit of the state or are required to be repaid, directly or
18 indirectly, from general state revenues and which are incurred by the
19 state, any department, authority, public corporation, or quasi public
20 corporation of the state, any state university or college, or any
21 other public agency created by the state but not by counties, cities,
22 towns, school districts, or other municipal corporations, but shall
23 not include obligations for the payment of current expenses of state
24 government, nor shall it include debt hereafter incurred pursuant to
25 section 3 of this article, obligations guaranteed as provided for in
26 subsection (g) of this section, principal of bond anticipation notes
27 or obligations issued to fund or refund the indebtedness of the
28 Washington state building authority. In addition, for the purpose of
29 computing the amount required for payment of interest on outstanding
30 debt under subsection (b) of this section and this subsection,
31 "interest" shall be reduced by subtracting the amount scheduled to be
32 received by the state as payments from the federal government in each
33 year in respect of bonds, notes, or other evidences of indebtedness
34 subject to this section.

35 (e) The state may pledge the full faith, credit, and taxing power
36 of the state to guarantee the voter approved general obligation debt
37 of school districts in the manner authorized by the legislature. Any
38 such guarantee does not remove the debt obligation of the school
39 district and is not state debt.

1 (f) The state may, without limitation, fund or refund, at or
2 prior to maturity, the whole or any part of any existing debt or of
3 any debt hereafter contracted pursuant to section 1, section 2, or
4 section 3 of this article, including any premium payable with respect
5 thereto and interest thereon, or fund or refund, at or prior to
6 maturity, the whole or any part of any indebtedness incurred or
7 authorized prior to the effective date of this amendment by any
8 entity of the type described in subsection (h) of this section,
9 including any premium payable with respect thereto and any interest
10 thereon. Such funding or refunding shall not be deemed to be
11 contracting debt by the state.

12 (g) Notwithstanding the limitation contained in subsection (b) of
13 this section, the state may pledge its full faith, credit, and taxing
14 power to guarantee the payment of any obligation payable from
15 revenues received from any of the following sources: (1) Fees
16 collected by the state as license fees for motor vehicles; (2) Excise
17 taxes collected by the state on the sale, distribution or use of
18 motor vehicle fuel; and (3) Interest on the permanent common school
19 fund: *Provided*, That the legislature shall, at all times, provide
20 sufficient revenues from such sources to pay the principal and
21 interest due on all obligations for which said source of revenue is
22 pledged.

23 (h) No money shall be paid from funds in custody of the treasurer
24 with respect to any debt contracted after the effective date of this
25 amendment by the Washington state building authority, the capitol
26 committee, or any similar entity existing or operating for similar
27 purposes pursuant to which such entity undertakes to finance or
28 provide a facility for use or occupancy by the state or any agency,
29 department, or instrumentality thereof.

30 (i) The legislature shall prescribe all matters relating to the
31 contracting, funding or refunding of debt pursuant to this section,
32 including: The purposes for which debt may be contracted; by a
33 favorable vote of three-fifths of the members elected to each house,
34 the amount of debt which may be contracted for any class of such
35 purposes; the kinds of notes, bonds, or other evidences of debt which
36 may be issued by the state; and the manner by which the treasurer
37 shall determine and advise the legislature, any appropriate agency,
38 officer, or instrumentality of the state as to the available debt
39 capacity within the limitation set forth in this section. The
40 legislature may delegate to any state officer, agency, or

1 instrumentality any of its powers relating to the contracting,
2 funding or refunding of debt pursuant to this section except its
3 power to determine the amount and purposes for which debt may be
4 contracted.

5 (j) The full faith, credit, and taxing power of the state of
6 Washington are pledged to the payment of the debt created on behalf
7 of the state pursuant to this section and the legislature shall
8 provide by appropriation for the payment of the interest upon and
9 installments of principal of all such debt as the same falls due, but
10 in any event, any court of record may compel such payment.

11 (k) Notwithstanding the limitations contained in subsection (b)
12 of this section, the state may issue certificates of indebtedness in
13 such sum or sums as may be necessary to meet temporary deficiencies
14 of the treasury, to preserve the best interests of the state in the
15 conduct of the various state institutions, departments, bureaus, and
16 agencies during each fiscal year; such certificates may be issued
17 only to provide for appropriations already made by the legislature
18 and such certificates must be retired and the debt discharged other
19 than by refunding within twelve months after the date of incurrence.

20 (l) Bonds, notes, or other obligations issued and sold by the
21 state of Washington pursuant to and in conformity with this article
22 shall not be invalid for any irregularity or defect in the
23 proceedings of the issuance or sale thereof and shall be
24 incontestable in the hands of a bona fide purchaser or holder
25 thereof.

26 (m) The state may pledge the full faith, credit, and taxing power
27 of the state to guarantee the obligations incurred to finance or
28 refinance essential public infrastructure by or on behalf of any
29 local government entity as authorized by the legislature. Any such
30 guarantee does not remove the primary obligation of the local
31 government entity and is not state debt. The legislature must
32 prescribe by law methods to enforce the repayment of state funds
33 expended pursuant to such guarantee.

34 BE IT FURTHER RESOLVED, That the statement of subject and concise
35 description for the ballot title of this constitutional amendment
36 shall read "The legislature has proposed a constitutional amendment
37 to reduce financing costs for essential local government
38 infrastructure. The amendment would allow for a state guarantee of
39 payments to bondholders for bonds issued for such projects in
40 accordance with state law. Such guarantee does not remove repayment

1 obligations by local governments and is not state debt. Should this
2 constitutional amendment be:

3 Approved.
4 Rejected. "

5 BE IT FURTHER RESOLVED, That the secretary of state shall cause
6 notice of this constitutional amendment to be published at least four
7 times during the four weeks next preceding the election in every
8 legal newspaper in the state."

EFFECT: Makes technical charges to the bill at the request of the
State Treasurer's Office.

--- END ---