

HOUSE BILL REPORT

ESSB 5084

As of Second Reading

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

Brief Description: Concerning state general obligation bonds and related accounts.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Frockt, Mullet and Wilson, C.; by request of Office of Financial Management).

Brief History:

Committee Activity:

None.

Brief Summary of Engrossed Substitute Bill

- Authorizes the State Finance Committee to issue up to \$3,971,290,793 in general obligation bonds to finance projects in the 2021-23 Capital Budget and to pay issuance and bond sale expenses.

Staff: Kelci Karl-Robinson (786-7116).

Background:

The State Finance Committee (Committee), composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds. The Committee periodically issues general obligation bonds to finance projects authorized in the capital budget. No bonds may be authorized for sale without prior legislative appropriation of the net proceeds.

General obligation bonds pledge the full faith, credit, and taxing power of the state toward payment of debt service. Funding to pay for principal and interest on those bonds is appropriated from the State General Fund in the operating budget. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments and deposits them into bond retirement accounts.

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

A bond bill authorizes the Committee to issue general obligation bonds up to a specific amount to finance many of the projects in the capital budget. It specifies the amount of bonds to be issued, the account or accounts into which bond sale proceeds are to be deposited, and identifies sources and timing of debt service payments. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Summary of Bill:

The State Finance Committee is authorized to issue up to \$3,971,290,793 in general obligation bonds to finance projects in the 2021-23 Capital Budget and to pay issuance and bond sale expenses. Proceeds from the sale of the bonds must be deposited into the State Building Construction Account. The State Treasurer is authorized to transfer bond proceeds into the State Taxable Construction Account and to other accounts in order to support authorized expenditures from those accounts. The State Treasurer is required to withdraw from general state revenues the amounts necessary to make the principal and interest payments on the bonds and must deposit these amounts into the Debt Limit General Fund Bond Retirement Account.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.