

SENATE BILL REPORT

SB 5201

As of January 10, 2023

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

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

Sponsors: Senators Mullet and Schoesler; by request of Office of Financial Management.

Brief History:

Committee Activity: Ways & Means: 1/12/23.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue up to \$4,883,285,000 in general obligation bonds to finance projects in the 2021-23 and 2023-25 fiscal biennia and to pay issuance and bond sale expenses.
- Authorizes of this amount, \$895,000,000 to finance the construction of a new forensic hospital at Western State Hospital.
- Expires on June 30, 2024, three unissued remaining bond authorizations from Chehalis Flood Hazard—authorized in 2008; Skill Center facilities—authorized in 2008; and School Construction Assistance Program—authorized in 2009.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michael Bezanson (786-7449)

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.

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.

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 funds.

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 \$4,883,285,000 in state general obligation bonds to finance projects in the 2021-23 and 2023-25 operating and capital budgets and to pay issuance and bond sale expenses. Of this amount, \$895,000,000 is to finance the construction of a new forensic hospital at Western State Hospital.

The remaining unissued bond authorizations from the Chehalis Flood Hazard—authorized in 2008; Skill Center facilities—authorized in 2008; and School Construction Assistance Program—authorized in 2009—will expire on June 30, 2024.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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