

**Proposed 2023-25 Biennial &  
2023 Supplemental Budget**

# **CAPITAL BUDGET**

## **Bond Bill**

**PSHB 1148**

**H-1660**

By Representatives Tharinger and Steele

March 27, 2023

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**PSHB 1148 (H-1660) – By Representatives Tharinger and Steele**

- Authorizes the State Finance Committee to issue up to \$4,186,601,000 in state general obligation bonds to finance projects in the 2021-23, 2023-25, and future fiscal biennia and to pay expenses incurred in the issuance and sale of the bonds.
- Expires three prior bond authorizations.
- Authorizes a one-time adjustment of \$400 million to debt limit bonds to reflect the difference between prior bond authorizations remaining and the amount of appropriation authority remaining.

1 AN ACT Relating to state general obligation bonds and related  
2 accounts; amending RCW 43.99U.010, 28A.527.010, 28A.527.020,  
3 43.99V.010, 43.100A.316, and 43.100A.311; adding new sections to  
4 chapter 43.100A RCW; repealing RCW 43.100A.306; and declaring an  
5 emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **PART I**  
8 **2021-2023 AND 2023-2025 BIENNIAL BOND AUTHORIZATION**

9 NEW SECTION. **Sec. 101.** For the purpose of providing funds to  
10 finance the projects described and authorized by the legislature in  
11 the omnibus capital and operating appropriations acts for the  
12 2021-2023 and 2023-2025 fiscal biennia and future biennia, and all  
13 costs incidental thereto, the state finance committee is authorized  
14 to issue general obligation bonds of the state of Washington in the  
15 sum of \$4,186,601,000, or as much thereof as may be required, to  
16 finance these projects and all costs incidental thereto. Bonds  
17 authorized in this section may be sold at such price as the state  
18 finance committee shall determine. No bonds authorized in this  
19 section may be offered for sale without prior legislative  
20 appropriation of the net proceeds of the sale of the bonds.

1        NEW SECTION.    **Sec. 102.**    (1) The proceeds from the sale of bonds  
2 authorized in section 101 of this act shall be deposited in the state  
3 building construction account created by RCW 43.83.020. The proceeds  
4 shall be transferred as follows:

5        (a) \$3,908,324,000 to remain in the state building construction  
6 account created by RCW 43.83.020;

7        (b) \$278,277,000 to the state taxable building construction  
8 account. All receipts from taxable bonds issued are to be deposited  
9 into the account. If the state treasurer, on behalf of the state  
10 finance committee, deems it necessary or advantageous to issue more  
11 than the amount specified in this subsection (1)(b) as taxable bonds  
12 in order to comply with federal internal revenue service rules and  
13 regulations pertaining to the use of nontaxable bond proceeds or in  
14 order to reduce the total financing costs for bonds issued, the  
15 proceeds of such additional taxable bonds shall be transferred to the  
16 state taxable building construction account in lieu of any transfer  
17 otherwise provided by this section. If the state treasurer, on behalf  
18 of the state finance committee, determines that a portion of the  
19 amount specified in this subsection (1)(b) as taxable bonds may be  
20 issued as nontaxable bonds in compliance with federal internal  
21 revenue service rules and regulations pertaining to the use of  
22 nontaxable bond proceeds, then such bond proceeds shall be  
23 transferred to the state building construction account in lieu of the  
24 transfer to the state taxable building construction account otherwise  
25 provided by this subsection (1)(b). The state treasurer, on behalf of  
26 the state finance committee, shall submit written notice to the  
27 director of the office of financial management if it is determined  
28 that any such additional transfer to the state taxable building  
29 construction account is necessary or that a transfer from the state  
30 taxable building construction account to the state building  
31 construction account may be made. Moneys in the account may be spent  
32 only after appropriation.

33        (2)(a) The state treasurer shall transfer bond proceeds deposited  
34 in the state building construction account into the outdoor  
35 recreation account created by RCW 79A.25.060, the habitat  
36 conservation account created by RCW 79A.15.020, the farm and forest  
37 account created by RCW 79A.15.130, and the Ruth Lecocq Kagi early  
38 learning facilities development account created by RCW 43.31.569, at  
39 various times and in various amounts necessary to support authorized  
40 expenditures from those accounts.

1 (b) The state treasurer shall transfer bond proceeds deposited in  
2 the state taxable building construction account into the Ruth Lecocq  
3 Kagi early learning facilities revolving account created by RCW  
4 43.31.569 at various times and in various amounts necessary to  
5 support authorized expenditures from that account.

6 (3) These proceeds shall be used exclusively for the purposes  
7 specified in section 101 of this act and for the payment of expenses  
8 incurred in the issuance and sale of the bonds issued for the  
9 purposes of section 101 of this act, and shall be administered by the  
10 office of financial management subject to legislative appropriation.

11 NEW SECTION. **Sec. 103.** (1) The debt-limit general fund bond  
12 retirement account shall be used for the payment of the principal of  
13 and interest on the bonds authorized in section 101 of this act.

14 (2) The state finance committee shall, on or before June 30th of  
15 each year, certify to the state treasurer the amount needed in the  
16 ensuing 12 months to meet the bond retirement and interest  
17 requirements on the bonds authorized in section 101 of this act.

18 (3) On each date on which any interest or principal and interest  
19 payment is due on bonds issued for the purposes of section 102 (1)  
20 and (2) of this act the state treasurer shall withdraw from any  
21 general state revenues received in the state treasury and deposit in  
22 the debt-limit general fund bond retirement account an amount equal  
23 to the amount certified by the state finance committee to be due on  
24 the payment date.

25 NEW SECTION. **Sec. 104.** (1) Bonds issued under section 101 of  
26 this act shall state that they are a general obligation of the state  
27 of Washington, shall pledge the full faith and credit of the state to  
28 the payment of the principal thereof and the interest thereon, and  
29 shall contain an unconditional promise to pay the principal and  
30 interest as the same shall become due.

31 (2) The owner and holder of each of the bonds or the trustee for  
32 the owner and holder of any of the bonds may by mandamus or other  
33 appropriate proceeding require the transfer and payment of funds as  
34 directed in this section.

35 NEW SECTION. **Sec. 105.** The legislature may provide additional  
36 means for raising moneys for the payment of the principal of and  
37 interest on the bonds authorized in section 101 of this act, and

1 sections 102 and 103 of this act shall not be deemed to provide an  
2 exclusive method for the payment.

3 **PART II**  
4 **UNISSUED BOND EXPIRATIONS**

5 **Sec. 201.** RCW 43.99U.010 and 2008 c 179 s 101 are each amended  
6 to read as follows:

7 (1) For the purpose of providing state funds for federally  
8 matched flood hazard mitigation and other projects throughout the  
9 Chehalis river basin, the state finance committee is authorized to  
10 issue general obligation bonds of the state of Washington in the sum  
11 of (~~fifty million dollars~~) \$50,000,000, or as much thereof as may  
12 be required, to finance the projects and all costs incidental  
13 thereto. Bonds authorized in this section may be sold at such price  
14 as the state finance committee shall determine. No bonds authorized  
15 in this section may be offered for sale without prior legislative  
16 appropriation of the net proceeds of the sale of the bonds.

17 (2) If any bonds authorized in this chapter have not been issued  
18 by June 30, 2024, the authority of the state finance committee to  
19 issue such remaining unissued bonds expires June 30, 2024.

20 **Sec. 202.** RCW 28A.527.010 and 2008 c 179 s 202 are each amended  
21 to read as follows:

22 (1) For the purpose of providing school construction assistance  
23 grants and needed capital improvements consisting of the predesign,  
24 design, acquisition, construction, modification, renovation,  
25 expansion, equipping, and other improvements of skill centers  
26 facilities, including capital improvements to support satellite or  
27 branch campus programs for underserved rural areas or high-density  
28 areas, the state finance committee is authorized to issue general  
29 obligation bonds of the state of Washington in the sum of (~~one~~  
30 ~~hundred million dollars~~) \$100,000,000, or as much thereof as may be  
31 required, to finance all or a part of these projects and all costs  
32 incidental thereto. Bonds authorized in this section may be sold at  
33 such price as the state finance committee shall determine. No bonds  
34 authorized in this section may be offered for sale without prior  
35 legislative appropriation of the net proceeds of the sale of the  
36 bonds. If the state finance committee deems it necessary to issue  
37 taxable bonds in order to comply with federal internal revenue

1 service rules and regulations pertaining to the use of nontaxable  
2 bond proceeds, the proceeds of such taxable bonds shall be  
3 transferred to the state taxable building construction account in  
4 lieu of any deposits otherwise provided by this section. The state  
5 treasurer shall submit written notice to the director of financial  
6 management if it is determined that any such transfer to the state  
7 taxable building construction account is necessary.

8 (2) If any bonds authorized in this chapter have not been issued  
9 by June 30, 2024, the authority of the state finance committee to  
10 issue such remaining unissued bonds expires June 30, 2024.

11 **Sec. 203.** RCW 28A.527.020 and 2008 c 179 s 203 are each amended  
12 to read as follows:

13 This chapter is not intended to limit the legislature's ability  
14 to appropriate bond proceeds if the full amount authorized in this  
15 chapter has not been appropriated after one biennia (~~, and the~~  
16 ~~authorization to issue bonds contained in this chapter does not~~  
17 ~~expire until the full authorization has been appropriated and~~  
18 ~~issued~~)).

19 **Sec. 204.** RCW 43.99V.010 and 2009 c 6 s 1 are each amended to  
20 read as follows:

21 (1) For the purpose of providing funds to finance the school  
22 construction assistance grant program described and authorized by the  
23 legislature in the capital appropriations acts for the 2007-2009 and  
24 2009-2011 fiscal biennia and future biennia, and all costs incidental  
25 thereto, the state finance committee is authorized to issue general  
26 obligation bonds of the state of Washington in the sum of ((~~one~~  
27 hundred thirty-three million dollars)) \$133,000,000, or as much  
28 thereof as may be required, to finance these projects and all costs  
29 incidental thereto. Bonds authorized in this section may be sold at  
30 such price as the state finance committee shall determine. No bonds  
31 authorized in this section may be offered for sale without prior  
32 legislative appropriation of the net proceeds of the sale of the  
33 bonds.

34 (2) If any bonds authorized in this chapter have not been issued  
35 by June 30, 2024, the authority of the state finance committee to  
36 issue such remaining unissued bonds expires June 30, 2024.

1 **PART III**

2 **ADJUSTING CAPACITY FOR BONDS PREVIOUSLY AUTHORIZED BUT NOT YET ISSUED**

3 **Sec. 301.** RCW 43.100A.316 and 2021 c 331 s 1 are each amended to  
4 read as follows:

5 For the purpose of providing funds to finance the projects  
6 described and authorized by the legislature in the omnibus capital  
7 and operating appropriations acts for the 2019-2021 and 2021-2023  
8 fiscal biennia and future biennia, and all costs incidental thereto,  
9 the state finance committee is authorized to issue general obligation  
10 bonds of the state of Washington in the sum of \$3,971,290,793, or as  
11 much thereof as may be required, to finance these projects and all  
12 costs incidental thereto. Bonds authorized in this section may be  
13 sold at such price as the state finance committee shall determine. No  
14 bonds authorized in this section may be offered for sale without  
15 prior legislative appropriation of the net proceeds of the sale of  
16 the bonds.

17 **Sec. 302.** RCW 43.100A.311 and 2019 c 414 s 1 are each amended to  
18 read as follows:

19 For the purpose of providing funds to finance the projects  
20 described and authorized by the legislature in the omnibus capital  
21 and operating appropriations acts for the 2017-2019 and 2019-2021  
22 fiscal biennia and future biennia, and all costs incidental thereto,  
23 the state finance committee is authorized to issue general obligation  
24 bonds of the state of Washington in the sum of three billion two  
25 hundred million nine hundred twenty-six thousand dollars, or as much  
26 thereof as may be required, to finance these projects and all costs  
27 incidental thereto. Bonds authorized in this section may be sold at  
28 such price as the state finance committee shall determine. No bonds  
29 authorized in this section may be offered for sale without prior  
30 legislative appropriation of the net proceeds of the sale of the  
31 bonds.

32 NEW SECTION. **Sec. 303.** A new section is added to chapter  
33 43.100A RCW to read as follows:

34 The legislature acknowledges that legislation authorizing the  
35 issuance of general obligation bonds of the state requires the  
36 legislature to appropriate the proceeds of sale of the bonds before  
37 the bonds may be issued. The legislature finds that the state has not

1 fully expended all appropriations for capital projects that could  
2 have been supported by the issuance of state general obligation  
3 bonds, and that over time this under utilization of appropriation  
4 authority and the related bond issuance authority has resulted in a  
5 cumulative difference between the amount of general obligation bonds  
6 authorized and the amount of bonds actually issued. This difference  
7 is reflected in LEAP Document No. BOND-1-HB-2023, which documents a  
8 cumulative amount of unused appropriation authority and related bond  
9 issuance authority.

10 The difference between the amount of bonds authorized and the  
11 amount of appropriations actually expended has not been reflected in  
12 the calculation of available debt capacity under the state debt  
13 limit, and has resulted in an understatement of available debt  
14 capacity of the state. The legislature intends to address this  
15 understatement by making a one-time adjustment of \$400,000,000 to the  
16 legislative balance sheet to reflect previously unused bond issuance  
17 authority enacted for the 2019-2021 and 2021-2023 fiscal biennia, and  
18 to utilize that bond issuance authority by authorizing appropriations  
19 for the 2023-2025 fiscal biennium that will be supported by that bond  
20 issuance authority.

21 **PART IV**  
22 **MISCELLANEOUS**

23 NEW SECTION. **Sec. 401.** RCW 43.100A.306 (Bond issuance—Intent)  
24 and 2018 c 3 s 202 are each repealed.

25 NEW SECTION. **Sec. 402.** Sections 101 through 105 of this act are  
26 each added to chapter 43.100A RCW.

27 NEW SECTION. **Sec. 403.** If any provision of this act or its  
28 application to any person or circumstance is held invalid, the  
29 remainder of the act or the application of the provision to other  
30 persons or circumstances is not affected.

31 NEW SECTION. **Sec. 404.** This act is necessary for the immediate  
32 preservation of the public peace, health, or safety, or support of



1 the state government and its existing public institutions, and takes  
2 effect immediately.

--- **END** ---