



2023-25

Proposed Bond Bill

PSSB 5201

By Senators Mullet and Schoesler
March 20, 2023

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 \$4,166,571,000, 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) \$3,788,571,000 to remain in the state building construction
6 account created by RCW 43.83.020;

7 (b) \$378,000,000 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-1-2023, 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** ---