

SSJR 8215 - H COMM AMD

By Committee on Capital Budget

NOT CONSIDERED 03/25/2011

1 Beginning on page 1, line 1, strike all material through "state."  
2 on page 5, line 18 and insert the following:

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

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

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

14 (b) The aggregate debt contracted by the state, as calculated by  
15 the treasurer at the time debt is contracted, shall not exceed that  
16 amount for which payments of principal and interest in any fiscal year  
17 would require the state to expend more than ~~((nine percent of))~~ the  
18 applicable percentage limit of the arithmetic mean of its general state  
19 revenues for the ((three immediately preceding fiscal years))  
20 applicable calculation period as certified by the treasurer. The term  
21 "applicable percentage limit" means nine percent through and including  
22 June 30, 2017; and eight and one-half percent from July 1, 2017, and  
23 thereafter. The term "applicable calculation period" means the three  
24 immediately preceding fiscal years when contracting debt prior to July  
25 1, 2015, and the ten immediately preceding fiscal years when  
26 contracting debt on and after July 1, 2015. The term "fiscal year"  
27 means that period of time commencing July 1 of any year and ending on  
28 June 30 of the following year.

1 (c) The term "general state revenues" when used in this section,  
2 shall include all state money received in the treasury from each and  
3 every source (~~whatsoever except~~), including, beginning July 1, 2015,  
4 moneys received from ad valorem taxes levied by the state and deposited  
5 in the general fund in each fiscal year in the applicable calculation  
6 period, but not including: (1) Fees and other revenues derived from  
7 the ownership or operation of any undertaking, facility, or project;  
8 (2) Moneys received as gifts, grants, donations, aid, or assistance or  
9 otherwise from the United States or any department, bureau, or  
10 corporation thereof, or any person, firm, or corporation, public or  
11 private, when the terms and conditions of such gift, grant, donation,  
12 aid, or assistance require the application and disbursement of such  
13 moneys otherwise than for the general purposes of the state of  
14 Washington; (3) Moneys to be paid into and received from retirement  
15 system funds, and performance bonds and deposits; (4) Moneys to be paid  
16 into and received from trust funds including but not limited to moneys  
17 received from taxes levied for specific purposes and required to be  
18 deposited for those purposes into specified funds or accounts other  
19 than the general fund, and including the several permanent and  
20 irreducible funds of the state and the moneys derived therefrom but  
21 excluding bond redemption funds; (5) Proceeds received from the sale of  
22 bonds or other evidences of indebtedness.

23 (d) (~~In computing~~) For purposes of this section, including the  
24 computation of the amount required for payment of principal and  
25 interest on outstanding debt under this section, debt shall be  
26 construed to mean borrowed money represented by bonds, notes, or other  
27 evidences of indebtedness which are secured by the full faith and  
28 credit of the state or are required to be repaid, directly or  
29 indirectly, from general state revenues and which are incurred by the  
30 state, any department, authority, public corporation, or quasi public  
31 corporation of the state, any state university or college, or any other  
32 public agency created by the state but not by counties, cities, towns,  
33 school districts, or other municipal corporations, but shall not  
34 include obligations for the payment of current expenses of state  
35 government, nor shall it include debt hereafter incurred pursuant to  
36 section 3 of this article, obligations guaranteed as provided for in  
37 subsection (g) of this section, principal of bond anticipation notes or  
38 obligations issued to fund or refund the indebtedness of the Washington

1 state building authority. In addition, for the purpose of computing  
2 the amount required for payment of interest on outstanding debt under  
3 subsection (b) of this section and this subsection, "interest" shall be  
4 reduced by subtracting the amount scheduled to be received by the state  
5 as payments from the federal government in each year in respect of  
6 bonds, notes, or other evidences of indebtedness subject to this  
7 section.

8 (e) The state may pledge the full faith, credit, and taxing power  
9 of the state to guarantee the voter approved general obligation debt of  
10 school districts in the manner authorized by the legislature. Any such  
11 guarantee does not remove the debt obligation of the school district  
12 and is not state debt.

13 (f) The state may, without limitation, fund or refund, at or prior  
14 to maturity, the whole or any part of any existing debt or of any debt  
15 hereafter contracted pursuant to section 1, section 2, or section 3 of  
16 this article, including any premium payable with respect thereto and  
17 interest thereon, or fund or refund, at or prior to maturity, the whole  
18 or any part of any indebtedness incurred or authorized prior to the  
19 effective date of this amendment by any entity of the type described in  
20 subsection (h) of this section, including any premium payable with  
21 respect thereto and any interest thereon. Such funding or refunding  
22 shall not be deemed to be contracting debt by the state.

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

33 (h) No money shall be paid from funds in custody of the treasurer  
34 with respect to any debt contracted after the effective date of this  
35 amendment by the Washington state building authority, the capitol  
36 committee, or any similar entity existing or operating for similar  
37 purposes pursuant to which such entity undertakes to finance or provide

1 a facility for use or occupancy by the state or any agency, department,  
2 or instrumentality thereof.

3 (i) The legislature shall prescribe all matters relating to the  
4 contracting, funding or refunding of debt pursuant to this section,  
5 including: The purposes for which debt may be contracted; by a  
6 favorable vote of three-fifths of the members elected to each house,  
7 the amount of debt which may be contracted for any class of such  
8 purposes; the kinds of notes, bonds, or other evidences of debt which  
9 may be issued by the state; and the manner by which the treasurer shall  
10 determine and advise the legislature, any appropriate agency, officer,  
11 or instrumentality of the state as to the available debt capacity  
12 within the limitation set forth in this section. The legislature may  
13 delegate to any state officer, agency, or instrumentality any of its  
14 powers relating to the contracting, funding or refunding of debt  
15 pursuant to this section except its power to determine the amount and  
16 purposes for which debt may be contracted.

17 (j) To promote stability and predictability during times of  
18 economic change, the legislature shall establish an advisory debt  
19 limit. The advisory debt limit shall be based on a limit equal to  
20 one-half of one percentage point below the applicable percentage limit  
21 in subsection (b) of this section, but the advisory limit may be  
22 adjusted to reflect changes in economic trends and conditions.

23 (k) The full faith, credit, and taxing power of the state of  
24 Washington are pledged to the payment of the debt created on behalf of  
25 the state pursuant to this section and the legislature shall provide by  
26 appropriation for the payment of the interest upon and installments of  
27 principal of all such debt as the same falls due, but in any event, any  
28 court of record may compel such payment.

29 ((+k)) (l) Notwithstanding the limitations contained in subsection  
30 (b) of this section, the state may issue certificates of indebtedness  
31 in such sum or sums as may be necessary to meet temporary deficiencies  
32 of the treasury, to preserve the best interests of the state in the  
33 conduct of the various state institutions, departments, bureaus, and  
34 agencies during each fiscal year; such certificates may be issued only  
35 to provide for appropriations already made by the legislature and such  
36 certificates must be retired and the debt discharged other than by  
37 refunding within twelve months after the date of incurrence.

1        (~~(1)~~) (m) Bonds, notes, or other obligations issued and sold by  
2 the state of Washington pursuant to and in conformity with this article  
3 shall not be invalid for any irregularity or defect in the proceedings  
4 of the issuance or sale thereof and shall be incontestable in the hands  
5 of a bona fide purchaser or holder thereof.

6        BE IT FURTHER RESOLVED, That the statement of subject and concise  
7 description for the ballot title of this constitutional amendment shall  
8 read "The legislature has proposed a constitutional amendment on  
9 reducing one type of state debt. This amendment would lower the  
10 constitutional debt limit for "full faith and credit" bonds, increase  
11 the averaging period to ten years, and include the state property tax  
12 in the debt limit calculation."

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

--- END ---