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## Capital Budget Committee

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### 2ESJR 8204

**Brief Description:** Amending the Constitution to allow the state to guarantee debt issued on behalf of a political subdivision for essential public infrastructure.

**Sponsors:** Senators Keiser, Honeyford and Conway.

**Brief Summary of Second Engrossed Bill**

- Amends the state constitution to allow the state to pledge its full faith and credit outside the debt limit to guarantee payment of obligations that are payable from local government repayments of loans made for local infrastructure projects.

**Hearing Date:** 2/26/16

**Staff:** Meg VanSchoorl (786-7105).

**Background:**

Article VIII, section 1 of the state Constitution authorizes the state to contract debt and establishes a debt limit. In general, debt is subject to this limit if it is either backed by the full faith and credit of the state or is payable from general state revenues. In some cases, the state may pledge its full faith and credit without creating debt that is subject to the state debt limit. If an obligation is payable from certain dedicated revenues, such as motor vehicle license fees or excise taxes, or interest on the permanent common school fund, the state may back such an obligation with its full faith and credit, but the obligation is not subject to the debt limit.

Amendments to the state constitution require a two-thirds approval by each house of the legislature, plus ratification by the voters.

**Summary of Bill:**

Article VIII, section 1 of the state constitution is amended to authorize the state to pledge its full faith, credit and taxing power to guarantee payment of any obligation that is payable from

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revenues received by the state in repayment of loans made by the state to local governments for infrastructure projects.

These obligations are not subject to the state's debt limit.

The Secretary of State must submit the proposed constitutional amendment to the voters at the next general election.

**Appropriation:** None.

**Fiscal Note:** Available.