
SENATE JOINT RESOLUTION 8204

State of Washington 64th Legislature 2015 Regular Session

By Senators Keiser, Honeyford, and Conway

Read first time 01/26/15. Referred to Committee on Ways & Means.

1 BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

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

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

11 (b) The aggregate debt contracted by the state, as calculated by
12 the treasurer at the time debt is contracted, shall not exceed that
13 amount for which payments of principal and interest in any fiscal
14 year would require the state to expend more than the applicable
15 percentage limit of the arithmetic mean of its general state revenues
16 for the six immediately preceding fiscal years as certified by the
17 treasurer. The term "applicable percentage limit" means eight and
18 one-half percent from July 1, 2014, through June 30, 2016; eight and
19 one-quarter percent from July 1, 2016, through June 30, 2034; eight
20 percent from July 1, 2034, and thereafter. The term "fiscal year"
21 means that period of time commencing July 1 of any year and ending on
22 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, including moneys received from ad valorem taxes levied
4 by the state and deposited in the general fund in each fiscal year,
5 but not including: (1) Fees and other revenues derived from the
6 ownership or operation of any undertaking, facility, or project; (2)
7 Moneys received as gifts, grants, donations, aid, or assistance or
8 otherwise from the United States or any department, bureau, or
9 corporation thereof, or any person, firm, or corporation, public or
10 private, when the terms and conditions of such gift, grant, donation,
11 aid, or assistance require the application and disbursement of such
12 moneys otherwise than for the general purposes of the state of
13 Washington; (3) Moneys to be paid into and received from retirement
14 system funds, and performance bonds and deposits; (4) Moneys to be
15 paid into and received from trust funds and the several permanent and
16 irreducible funds of the state and the moneys derived therefrom but
17 excluding bond redemption funds; (5) Moneys received from taxes
18 levied for specific purposes and required to be deposited for those
19 purposes into specified funds or accounts other than the general
20 fund; and (6) Proceeds received from the sale of bonds or other
21 evidences of indebtedness.

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

1 received by the state as payments from the federal government in each
2 year in respect of bonds, notes, or other evidences of indebtedness
3 subject to this section.

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

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

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

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

38 (i) The legislature shall prescribe all matters relating to the
39 contracting, funding or refunding of debt pursuant to this section,
40 including: The purposes for which debt may be contracted; by a

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

13 (j) The full faith, credit, and taxing power of the state of
14 Washington are pledged to the payment of the debt created on behalf
15 of the state pursuant to this section and the legislature shall
16 provide by appropriation for the payment of the interest upon and
17 installments of principal of all such debt as the same falls due, but
18 in any event, any court of record may compel such payment.

19 (k) Notwithstanding the limitations contained in subsection (b)
20 of this section, the state may issue certificates of indebtedness in
21 such sum or sums as may be necessary to meet temporary deficiencies
22 of the treasury, to preserve the best interests of the state in the
23 conduct of the various state institutions, departments, bureaus, and
24 agencies during each fiscal year; such certificates may be issued
25 only to provide for appropriations already made by the legislature
26 and such certificates must be retired and the debt discharged other
27 than by refunding within twelve months after the date of incurrence.

28 (l) Bonds, notes, or other obligations issued and sold by the
29 state of Washington pursuant to and in conformity with this article
30 shall not be invalid for any irregularity or defect in the
31 proceedings of the issuance or sale thereof and shall be
32 incontestable in the hands of a bona fide purchaser or holder
33 thereof.

34 (m) The state may pledge the full faith, credit, and taxing power
35 of the state to guarantee debt issued by or on behalf of political
36 subdivisions of the state for essential public infrastructure when
37 such guarantee is determined by the state treasurer to reduce the
38 costs of financing in accordance with state law. Any such guarantee
39 does not remove the debt obligation of the local government and is
40 not state debt. The legislature may enact laws to enforce the

1 collection of such debt from the local government that benefited from
2 the guarantee.

3 BE IT FURTHER RESOLVED, That the statement of subject and concise
4 description for the ballot title of this constitutional amendment
5 shall read "The legislature has proposed a constitutional amendment
6 to reduce financing costs for essential local government
7 infrastructure. The amendment would allow for a state guarantee of
8 payments to bondholders for bonds issued for such projects in
9 accordance with state law. Such guarantee does not remove repayment
10 obligations by local governments and is not state debt. Should this
11 constitutional amendment be:

12 Approved.
13 Rejected. "

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

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